The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Analysis of Future Trend of British Policy in the Far East

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How the Non-Aggression Issue Strains Japan-Soviet Relations . . . . . By Yen-Ying Lu

SATURDAY, FEBRUARY 20, 1937 VOLUME 79, NUMBER 12

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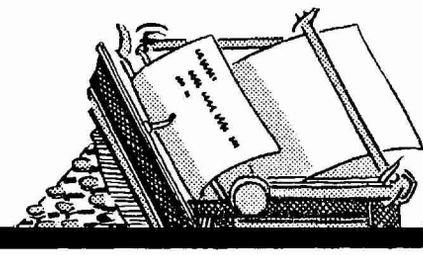

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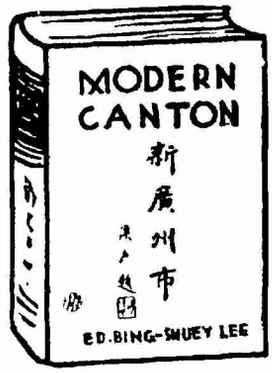

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40¾	29¼	0.00	Amer. Cyanamid "B"	33½	33¼
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68¼	29¾	—	American & Foreign Pwr. 07. pfd.	62	63
29¼	18¾	0.60	American Radiator	27¾	28
190⅛	149½	9.00	American Tel. & Tel.	181¾	180½
104	88½	5.00	American Tobacco "B"	95½	95½
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The China Weekly REVIEW

Formerly Millard's Review

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THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

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U.S. CONSULAR LOTS IN HONGKEW SHOULD BE SOLD

MANY years ago the State Department purchased from the late Edward Ezra, Shanghai realtor and opium dealer, an area of land located on the bank of the Whangpoo river in the Hongkew section of the city. Ezra was widely acclaimed for negotiating the deal "without profit," but the transaction was not entirely altruistic because Ezra also owned the old Astor House hotel which was located directly across the street. He knew that the American consulate would bring customers to his hotel and it doubtlessly did, but that was many years ago. The old mud-brick buildings located on the consular lots were occupied by American consular and U. S. Court officials as offices and residences until the houses became dilapidated and threatened to collapse. Then the Consular and Court officials moved to rented property located on "this side of the creek," the reference being to Soochow creek which separates the Hongkew section of the International Settlement from the main or commercial and residential sections where most of the Americans and Europeans (and some 500,000 citizens of China) reside. The Hongkew section in the meantime has practically been taken over by the Japanese who patrol its streets with their armed troops and use it as a practice field for maneuvers in preparation for future wars. North Szechuen road, once a leading commercial section of the city has degenerated and for many blocks is now occupied by the lowest classes of dives, some of which tend to prove that some human beings are the lowest of the creatures which roam the earth's surface.

While the Germans, Soviet Russians and Japanese still maintain their consulates in the Hongkew section it is due to the fact that they have owned their properties for many years; otherwise they probably would also move "this side of the creek." Even the Japanese Ambassador prefers the French Concession as location

for his official residence. All other consulates are located south of Soochow creek.

About a dozen years ago when the late Stephen Porter was chairman of the Foreign Relations Committee of the House of Representatives, he put through an appropriation for a new U. S. Government building in Shanghai that amounted to more than a million dollars. While on a trip to the Far East he declared his intention of duplicating the White House on the banks of the Whangpoo, but later he modified the plan to an American-style office building with residence quarters for staff on the upper floors. The plans, drawn by a Pittsburgh architect (friend of Congressman Porter), were shipped back and forth across the Pacific many times in an attempt to satisfy everybody with regard to floor-space and sunlight exposure.

Everything was ready to start construction and local American orators were said to be practicing their speeches for the cornerstone laying when the depression broke. As a result the plans for the palatial American governmental building in Shanghai were placed in cold-storage where they remain today. Even the press associations have ceased routine messages on the subject. As for the U. S. Consulate and Court they are now comfortably housed in one of the most modern and newest of the city's office buildings owned by Chinese interests, and since the State Department has a 5-year lease on the present quarters it appears that the idea of constructing a new building has been postponed.

Which brings us to the point suggested in the heading for these paragraphs—that the property located on the bank of the Whangpoo in the Hongkew section should be sold because it is no longer suited for the purpose originally intended. As the old Hongkew property was purchased some 20 years ago it probably could be sold at a profit now, despite the depression which persists in Shanghai real estate. And since prices are now depressed all over the city it would be an excellent time to purchase desirable property "on this side of the creek."

Siberian Newspapers Disclose Personnel Changes in Far Eastern Administration

ON Monday of this week when one of representatives in the Japanese Diet complained about the huge military appropriations and pointed particularly to the vast expenditures in the Manchurian provinces which the Japanese army seized from China in 1931, the Minister of War, Gen. Gen Sugiyama declared, "A glance at the comparative strength of the Japanese Army in Manchuria and the Soviet forces in the Far East will show that our budgetary demands have been held to the barest minimum."

It is quite true that the Soviet forces in the Far East now greatly exceed those of Imperial Japan, but Gen. Sugiyama failed to explain that in 1931, when the Japanese violated the Nine-Power treaty and occupied China's Northeastern provinces, the Soviet Russians had only a skeleton force in the Far East and Vladivostok was entirely undefended by troops, fortifications, air or sea forces. Due to the threat to their Siberian territories, the Russians were compelled to send vast forces land, sea and air—to the Far East and in addition they have expended many millions of roubles on construction of strategic railways, including the double-tracking of the Trans-Siberian and the building of an entirely new line to the Pacific located far north of the present railway to Vladivostok. Now the Japanese are determined to expand their forces in Manchuria to a point where they could oppose the Russians and from present prospects they will either go bankrupt or preciptate an early war in the process of trying to compete not only with the Russians but all the other nations about the Pacific which are also arming because of the menace of Imperial Japan.

But while the Far Eastern world is more or less familar with Japan's aggression and military expansionist policies on the continent little is actually known of the details of Soviet plan to meet the expected Japanese attack. Recently the German *Trans-Ocean* service circulated several telegrams in the Far East telling of the plans of Marshal Blucher, Commander-in-Chief of the Soviet forces to further strengthen Russian fortifications not only on the Siberian frontier but also in Outer-Mongolia. But one must not forget that the German Nazis are now allied with the Japanese General Staff in an "anti-red" pact and anything the German news services can do to stimulate business for German munition houses in Japan is not to be overlooked. On Jan. 21 the German news service reported under a Moscow date-line that the Russians were altering their Far Eastern policy in favor of closer relations with China, even to the extent of an alliance with Nanking! On Jan. 28 and 30 there were further *Trans-Ocean* reports that Stalin had instructed Blucher to make a detailed inspection of the Siberian fortifications and also the defences in Outer-Mongolia with the idea of further construction. On Jan. 31 there was a further German report that the Soviets had shipped 250,000 (silver) into Chinese Turkestan and had appropriated 200,000,000 roubles for the construction of factories in Siberia and the Far East for the production of consumption articles, "the supplies of which might be interrupted in the

event transportation facilities to the Far East were deranged."

The well known *Izvestia* in the course of editorial comment on the crisis in Japanese politics said that the sharp attacks on the military clique which characterized the recent sessions of the Diet constituted the "appearance of the shadow of the approaching military catastrophe which undoubtedly threatens the destruction of Japanese imperialism if the policy of general militarization which the General Staff introduced in the Diet is not changed or in some measure modified The late Hirota Government had no other policy than that of preparation for war in concluding the alliance with Germany The direct consequence of the German-Japanese alliance was the aggravation of Japano-Soviet relations and the strengthening of the position of those adventurist elements among the Japanese militarists who strive to attack the U. S. S. R. But such an attempt is foredoomed to failure and all reckonings upon a Japanese victory are absurd, an element quite clearly recognized by the sober elements among the Japanese bourgeoisie."

Of special interest in the Far East were reports in Soviet newspapers *Habarovsk Zvenda* and *Pacific Star*, published in the Soviet Far Eastern capital telling of recent changes in personnel in the Siberian administration. According to the report in the *Pacific Star* (Jan. 17) the Central Executive Committee of the All-Union Communist Party at Moscow has authorized the appointment of J. M. Vereikis as chief secretary of the Far Eastern Regional Party Committee with headquarters at Habarovsk. Vereikis was born and educated in the Moscow district and was originally employed as a metal-worker. In the 1917 revolution he was connected with soviet activities in the Ukraine and later served as secretary at Ekaterinoslav and still later as secretary and in charge of propaganda of the party committee at Don-Krivore. He fought against the Germans in the Ukraine, opposed Col. Muraviev's army at Simbirsk and also helped in organizing the opposition to Admiral Koltchak. At the end of the civil war he was sent to the Polish front and to Baku by Lenini. He then went to Turkestan and Central Asia where he helped organize the Uzbek and Tourkomen's soviet republics. In 1935 he was awarded the Order of Lenin, highest honor in the country. As secretary of the Far Eastern Regional Party Committee he will exercise considerable influence upon Soviet policy in the Far East. The *Pacific Star*, in referring to Vareikis' appointment declared, "We cannot forget that we are working in a region which is of exceptional importance in the matter of defense, in a region bordering one of the main centers of military danger. It forces us to give utmost attention to the problem of defense, educating the laborers of our region in the real spirit of heroic Soviet patriotism . . . every laborer must participate in the work of defense and be ready to give his full force, and if necessary his life to defend the Far Eastern borders of our country . . . We are working daily

J. M. Vareikis, appointed chief secretary and member of the Bureau of Soviet Far Eastern Regional Party headquarters at Habarovsk. Vareikis was born in 1894 and has been active in Soviet politics for many years. The picture was reproduced from the *Pacific Star* at Habarovsk.

on the further reinforcement of our unconquerable Far Eastern Army under the leadership of Marshal Bluecher and also in strengthening our Red Banner frontier corps.

Dr. Wilbur Sawyer of Rockefeller Foundation Discusses Yellow Fever

Dr. Wilbur A. Sawyer, director of the International Health Division of the Rockefeller Foundation, told the story of yellow fever, and its study and control at the National Health Administration in Nanking recently. So far, Dr. Sawyer said, the exact cause of yellow fever is still a mystery. To seek its solution and at the same time to devise ways and means of immunizing research workers engaged in its study as well as the prevention of its spread into regions, such as China, which have never had yellow fever before and hence are most susceptible to its attacks, form the principal tasks of the Rockefeller Foundation.

Honan Famine Refugees Present Pitiful Petition to Third Plenary Session

According to a petition submitted to the 3rd Plenary Session by refugees in Honan Province, more than 90 hsiens or eight-tenths of the whole territory of Honan has been affected by the drought and the total number of people who are facing certain starvation, is estimated at no less than 9,200,000. The starving population in Honan has eaten all bark and roots in the Province. Driven by hunger, some of them have even exchanged their children and devoured them in order to quench their hunger, according to the petition.

Influential Britons Still Pro-Japanese But Will Maintain Trade Position in China

A CHINESE writer, Dr. Chang Chung-pah, in the course of a long analysis of British Far Eastern policy since 1931, which was published in the Jan. 16, *Eastern Miscellany*, concluded his discussion by stating that while there was no diplomatic evidence available showing that Britain and Japan had reached an understanding, it was suspected that some assurances had been given (by Japan) to refrain from encroaching further on British interests in the Far East and that Japan had promised to "keep the door open in China."

The suspicion of the sincerity of British policy toward this country, as voiced by the Chinese writer, was a direct result of the statements (and ensuing vacillation at Geneva) of Sir John Simon who served as foreign secretary at the time of Japan's violation of the Nine-Power Treaty and seizure of the Manchurian provinces in 1931. The article in *Eastern Miscellany* apparently was inspired by the recent book of Col. Henry L. Stimson, former U. S. Secretary of State, dealing with the *Far Eastern Crisis*, which was translated into the Chinese language and was widely circulated through the Chinese newspapers.

Dr. Chang's searching analysis showed that it is still too early to determine the future course of British policy with respect to dealings with China and Japan despite considerable evidence that Britain now intends to make a fight to maintain her long-established trade position in China as against both Japanese and German competition.

Within recent months the British have established one of their most experienced treasury officials in Shanghai, where he is serving as financial advisor to the British Embassy. They have also sent out a special representative of the Export Credits Guarantee Department named W. M. Kirkpatrick, who with the treasury representative will work in close cooperation with the Commercial Councillor of the British Embassy. Both have offices in Shanghai. In addition to these two officials the Bank of England has sent a representative to Shanghai, who is looking after the special interests of his institution and advising the Chinese authorities with respect to their currency and governmental finance. Sir Alexander Leith-Ross, chief economic advisor to the British Government, who came to China early in 1936 and after spending several months in both China and Japan, has now returned to England but has left a representative here. W. M. Kirkpatrick, who represents the Export Credits Guarantee Department of the British Government, has the job of investigating Chinese-British trade in connection with a recent British loan amounting to approximately $50,000,000 in U. S. Currency.

The establishment of these new British official organs in China has aroused the antagonism of the Japanese, who charged through their newspapers in Shanghai that Britain was striving to establish a permanent influence over Chinese finance and is not only protecting Britain's economic position, but is pressing its political designs in the Far East.

In this connection the Shanghai *Nichi Nichi* disclosed that Secretary Sato of the Japanese Embassy in Peiping had recently made strong representations to the British ambassador, Sir Hughe Montgomery Knatchbull-Hugessen, over alleged British diplomatic activities in connection with the recent Sianfu incident. The Japanese claimed that the British Embassy had tendered assistance to the Chinese Reds, with whom Marshal Chang Hsueh-liang allegedly was in alliance, thus creating the impression among the Japanese that Great Britain was planning cooperation with Soviet Russia in the Far East as an offset to the German-Japanese Alliance. Apparently as a result of these attacks W. M. Kirkpatrick, the representative of the British Export Credits Guarantee Department, denied that he planned any monopolistic financial schemes, and said that he welcomed the cooperation of all foreign bankers and traders.

Chang Chung-pah, the writer of the article dealing with Britain's Far Eastern policy published in *Eastern Miscellany*, expressed the opinion that Great Britain is still adopting a "wait and see" policy with respect to her relations with Japan. His review of British policy in the Far East since 1931, constituted the most thorough analysis of the subject that has thus far been published. While practically all of the Tory Party leaders quoted were favorable toward cooperating with Japan rather than China and generally approved Japan's seizure of the Manchurian provinces, Sir Austen Chamberlin was quoted as expressing the opinion that Britain's withdrawal from China would be tantamount to losing her position throughout the whole of Asia. But while stating this, Sir Austen was careful to emphasize that Britain did not want to damage her friendship with Japan which had continued even though the Anglo-Japanese Alliance had been dissolved.

Dr. Chang said "From the foregoing it will be seen that at the very beginning of this period immediately after the Mukden incident of 1931, Great Britain was officially entirely in sympathy with Japan. The facts of the Manchurian affair

were not realized in England, nor were the real attitude or intentions of Japan. Great Britain at that time believed in Japan and not in China, the latter not being considered a united nation nor a nation of integrity, but inspired with "anti-foreignism." Great Britain took exception to the fact that China was not in a position to afford protection to foreign lives and property, as there was no united government, so she considered Japan's action proper and fully justified.

But as time went on, it became more and more evident that Japan was intent upon transgression against the League Covenant, as well as the Treaty of Paris and the Nine-Power Pact, and with these instruments of peace broken Great Britain had to take action to protect her own interests. Most of the Tory leaders probably would have preferred a return to the alliance with Japan but Britain could not afford to displease the United States, which at that time was very firm in its opposition toward Japan's highhanded policy in Manchuria."

Generally speaking the Tory leaders of Great Britain would prefer cooperating with the leaders of Japan rather than cooperating with Americans because of British imperial disaproval of American policy which favored the development of China into a strong unified nation capable of defending its own territorial and administrative independence. Britain, or at least the British ruling classes always feared that a strong nationalistic China would have a detrimental effect on Britain's oriental colonies beginning with Hongkong and extending to India. The British Tory groups have always envisaged China in a semi-colonial status but with Britain rather than Japan in the dominating position.

Further elements in the situation, according to Dr. Chang's analysis were British interests in the Far East, largest of any power, and the fact that the Conservatives were hostile to Soviet Russia and regarded the occupation of Manchuria by Japan as a good buffer against the Soviets. The British Tories were angry at China's unilateral abolition of treaties, and believed that Japan's action in Manchuria would teach the Chinese a good lesson, not to harbor anti-foreignism. The British authorities also thought that Japan would be so occupied with her development projects in Manchuria that she would not have time or resources to harass British interests in the Yangtsze Valley or British possessions in the Pacific further to the South.

But the British authorities had no idea that Japanese aggression would go so far, and apparently thought that the complications resulting from Japan's occupation of Manchuria could be smoothed over with a general saving of faces for everybody. This apparently explains why the British consular and diplomatic officials, both in Manchuria and in China proper, advised the Chinese authorities not to offer resistance to the Japanese in Manchuria. But contrary to British expectations Japan recognized Manchukuo before the publication of the Lytton report; hence England had no option but to express concurrence with the League resolution, declaring at the same time however, that she did not wish to offend either China or Japan. Of more importance, however, was the realization that Britain could not afford to openly displease the United States and a large number of small nations which had lined up in opposition to Japan's expansionist activities and open violation of treaties.

According to a series of articles dealing with British policy in China written by the Tokyo correspondent of the *London Financial News*, the British now regard Japanese economic and political interference in China as the greatest stumbling block for British commercial expansion in the Far East.

The writer of these articles declared that it was not so much straight Japanese competition for the China market that was embarassing British trade, but political and economic interference in the country. Of most serious import was the smuggling situation in North China, which not only demoralized commerce generally, but had practically demoralized the Customs administration, which had served for many decades as security for British loans. It was stated that up to the first of January losses in revenue to the Chinese National Government and to China's foreign creditors, whose loans were based on Customs income, were at least $40,000,000 in Chinese currency, if not very much more. But much more disturbing even than the Customs situation was the constant political and military threat to China that emanated from Japanese quarters. The writer of the article in the *London Financial Journal* said,

"The more the balance of power changed against Japan, due to growing Chinese unification and development of armaments, the more Japan felt herself weakening; while China gained strength, the greater became the fear of a last desperate attack from Japan and of a clash in which the vulnerable Chinese business interests in the port cities would be the first to suffer heavily. Now that China's gain of strength may be checked somewhat, due to the disturbance of the domestic situation resulting from the Sian developments, the fear of Japanese action was rising even more. As a result Chinese enterprise was restricted by nervousness, particularly in North and Central China.

This situation, however, did not prevail in South China, where for the first time in a quarter century the British "were coming into their own from the standpoint of vast development enter-

prises. . . . it is fortunate for British interests that the anti-British Southwestern clique has finally given way to unrestricted control over these promising districts by the Central Government, which in spite of occasional difficulties is so firmly and justly convinced of the necessity of cooperation with Great Britain." Continuing the writer said that there was definite hope that most of Britain's desires, which are bound up with the future development of Hongkong, are going to be fulfilled in a friendly and cooperative way, providing the Nanking Government continues in power. Specifically there appeared to be excellent prospects that Great Britain would have an opportunity to build more railways and thus participate in the exploitation of many valuable resources in the hinterland of the southwest coast. It was declared however, that neither Britain nor China could wish to confine their cooperation to the Southwest, where Japanese pressure is least in evidence. Both Britain and China feared that British concentration in the Southwest would give Japan a freer hand in all the remainder of the country. It was, therefore, regarded as encouraging that British and Chinese interests had agreed recently to build certain railways in other parts of the country, and that both government regarded their cooperative task as one which had to extend to the country as a whole.

Attention was also called to the element of German competition in China as one of the handicaps to British trade expansion. The fact that Germany and Japan are now in alliance, while not emphasized in the articles, was nevertheless an important element. Figures were cited showing that in 1913 British imports into China amounted to roughly Taels 97,000,000, while German imports only amounted to Taels 28,000,000. In 1933 British imports had increased to $154,000,000 (Chinese currency) while German imports had soared to 108,000,000. In 1936 while British imports into China would hardly pass the $100,000,000 mark, it was expected that German imports would exceed $150,000,000 worth of goods.

The writer was strongly critical of German financial methods. He said there were examples of Germany granting export premiums to the extent of 25% and more and of competition for large contracts in which Germany quoted prices 20% to 30% below those of foreign competitors after the British bids had become known to German interests. In the case of a tender advertised by the Chinese Ministry of Railways, the lowest British bid was $2,667,000 as against a German tender of $1,500,000. Even when the difference in price was not large, as in the sale of a Diesel engine generator set, the Germans are accustomed to bidding 10% below the lowest British bid and while the British contractor demanded cash, the German competitor only asked for an advance payment of 15 percent with the remainder of the purchase price spread out over twenty-seven equal monthly installments, the first to start four months after installation of the engine. It was claimed the German competition was so keen that British firms often refused to quote against them.

What the outcome will be of Britain's apparent decision to maintain her commercial position in China against Japanese attacks is impossible to forecast at this time. The British authorities were seriously disturbed at the recent issuance of a pamphlet by the Japanese Army, in which Britain was accused of interfering with Japan's continental policy and of showing a marked tendency to impair the establishment of peace in the Far East and the realization of a rapprochement between China and Japan as envisaged by the Japanese military clique. Capt. Allan Graham, a Conservative member of Parliament, suggested that the British Ambassador in Tokyo be informed that friendship between Japan and Britain could not be maintained unless the Japanese Government disassociated itself from sentiments expressed in the pamphlet. Several Conservative party members have also recently requested that the British Foreign Secretary draw Japan's attention to the smuggling situation in North China. This action was based upon a recent statement by Sir Frederick Maze, Inspector General of the Chinese Maritime Customs, who called attention to the fact that there had recently been a futher increase in Japanese smuggling activities. Tory members of Parliament, while worried at Japan's smuggling activities still did not wish to offend their Japanese friends; hence they suggested that the Japanese Government should be "invited to end a state of affairs, which was calculated to seriously damage British trade." It appeared that Anthony Eden, Foreign Secretary, had recently given the impression that there had been a cessation of Japanese smuggling in North China.

Of special interest from the Japanese standpoint was an article which appeared in the February issue of a Tokyo magazine, the *Hundei Shunju* which strongly criticized the late Hirota Government for failing to conclude an alliance with Great Britain. The Japanese writer said that the Koki Hirota Cabinet was brought into existence by a public expectation that it would readjust Japan's foreign relations, particularly with Great Britain. It was even declared that there was widespread hope in Japan that the Japanese Government would renew its old alliance with England, despite opposition which existed in the United States and the British Dominions. But, declared the writer, the Cabinet disregarded its mission and threw itself into the arms of Germany in open defiance of pro-British sentiment which is still predominant in high Jap-

anese political circles including generals, senior statesmen, leaders of the Upper House, the financial world and the Privy Council. This statement coincided with other quotations from the Japanese press printed previously in *The Review* that the alliance with Germany was dictated solely by the Japanese military authorities, and was motivated by the Army's preparation for "a big war". The agreement with the Germans enabled the Japanese to employ large numbers of German military experts, who are now expanding all branches of the Japanese war industry. The Germans also gave the Japanese Army large numbers of secret patents, the use of which are expected to enable the Japanese to greatly increase their production in the chemical, metallurgical and the aviation industries.

A further and equally important element in causing the Japanese General Staff to favor the alliance with Germany was the expectation of the Japanese militarists that they would be able to obtain access to the great mass of information which the Germans have accumulated about military development in China and also to utilize the services of German military advisers in Gen. Chiang Kai-shek's army as unofficial "spies" or informers for the Japanese Army. It was claimed that the exchange of information "on communism" between the Japanese and German general staffs will take place in Berlin in order to avoid Chinese suspicion which would result from a too-intimate display of Japanese-German diplomatic relations in Nanking or Tokyo.

British Exports Credit Representative Urges Good Will Policy with China

W. M. Kirkpatrick, special representative of the Exports Credits Guarantee Department of the British Government, in the course of an address at a luncheon in Shanghai, held by the British Universities and Schools Luncheon Club Feb. 16, said: "Surely we, literally in terms of population the two greatest governmental units in the world to-day, should have some influence for good, and for peace and world prosperity and individual well-being and human welfare, and civilization in its best and widest sense."

The following are extracts from Mr. Kirkpatrick's speech: "Both sides, those of you Chinese who have been to England and those of us who are working here, have at times doubtless found reason and have thought fit to criticize some aspects of the life and thought of those amongst whom we have lived or are living. Now, constructive frank criticism is not a bad thing and the thought occurs to me, and I throw out the suggestion, that some day this institute should organize a debate, or debates, at which there might be a free discussion, for example, on some especially selected activities of life, or seeming peculiarity of thought, or apparently obscure manners which require exposition, examination and explanation.

"We are proud of our history and of our civilization, as you are of yours. Both our countries have in the past, in their own way, made their contributions to history and to civilization as we know it to-day. But we live in dynamic times. Continued effort and advancement for the good of mankind is required of us all today. Let us then get together and contribute something worthwhile, something beneficial for all mankind. I suggest that we make a practical contribution to that end of creating and perpetuating a really and truly effective friendship.

"This mission I am engaged on is to factilitate exports of goods from my country to yours. I hope that they may all be good goods. Good goods in every sense, and I hope that every invoice, every bill of lading, will carry with it, though unwritten, the negotiable instruments of goodwill, May I hope and express a great fervent hope that good-will will be an unalienable accompaniment of our mutual trade, and that every good national relationship which you, I hope, as much desire, as to the people of my country, will follow as a consequence and be retained and maintained for all time."

The speaker was introduced by W. S. King. Singloh Hsu, in moving a vote of thanks, said that a policy of self-sufficiency on the part of many nations was responsible for many of the economic evils of the world today.

Hongkong to Carry Out Huge Defense Maneuvers

A *Reuter* message from Hongkong Feb. 16 stated that defense maneuvers by land, sea and air on a scale never before attempted in the history of Hongkong are to be carried out about the middle of March, although the exact dates have not yet been disclosed. Approximately 25,000 troops and naval forces will take part. In addition to 25 warships of the China Station and the garrison of Hongkong, about 1,000 troops are coming from Singapore for the maneuvers. Singapore is also sending a squadron of flying boats. The colony's anti-air defences will be specially tested. The newly-formed Naval Volunteer Corps has undertaken to patrol the entire coastline.

A ringing endorsement of Great Britain's plans for the fortification of her Far Eastern colonies was given in Singapore Feb. 15 by Gen. Sir Alexander Godley, who sailed for Hongkong on that date to inspect the Royal Ulster Rifles. "Britain is wise to strengthen her Far East defences," he said. "I hope to see Singapore and Hongkong as well fortified as Gibraltar."

Britain States Views on Proposed Abolition of Extrality in Egypt

A conference is to be held at Montreux, Switzerland, on April 12 by the Powers who enjoy capitulatory (extrality) privileges in Egypt—among them being the United States. An explanation of Britain's position in regard to the negotiations for the abolition of the capitulations in Egypt was given in the House of Commons by Viscount Cranborne Feb. 9. He said the British Government hopes the Powers will receive the proposals for abolition made by Egypt most sympathetically, but thought it necessary to make clear that there are other points which will have to be settled at Montreaux which had not been referred to in the Egyptian Note, and that a certain number of points which are dealt with in the Note in general terms would have eventually to take the form of detailed and precise provisions in a future convention.

Dispute Between U.S. Government and Industrialists Causes Shortage of Steel

The construction of six new destroyers and three submarines, embracing half of the United States Navy's current warship building program, as revealed by official figures, is at a standstill owing to the critical shortage of steel, it was learned in Washington Feb. 12. The shortage is due to a dispute between the United States Government and industrialists.

Strike at General Motors Plants Comes to an End

The six-weeks strike of operatives of the General Motors Corporation ended in Detroit Feb. 11 as representatives of the corporation conceded a six per cent wage increase and recognition of the principle of collective bargaining. The men agreed to return to work in 20 factories closed as a result of the strike and evacuate the three plants seized by "sit-down" strikers, while the corporation promised to resume operations at all strike-bound or idle plans as possible. The increase is equivalent to about six per cent on the average wage, and involves a total increase in the company's wages bill of $25,000,000 annually. The terms of the settlement include recognition by the corporation of the union as a collective bargaining agency for its own members only. The company retains the right to negotiate with any other organization representing non-members of the union, but in the case of the 20 factories affected by the strike agrees not to bargain with any other group until agreement is reached with the union on minor points of the present dispute which still await settlement.

President Roosevelt Remains Firm on Supreme Court Program

Advices from Washington Feb. 12 indicated President Roosevelt's determination not to make any compromise in his judicial reform program. The plan was the fruit of eighteen months' deliberation between himself and his legal advisers. It was chosen only after many alternative suggestions had been eliminated. Ever since the Supreme Court invalidated the N.R.A. the Attorney-General and the Solicitor-General have been collating, for the President's consideration, a vast number of different plans for dealing with the Court. From these the President eliminated the consideration of a Constitutional amendment because of the time it would take.

Huge Harbor Defenses to Be Erected at San Francisco

Condemnation proceedings will commence shortly to enable the Army to acquire 800 acres near Fort Barry, north of the Golden Gate, San Francisco and construct a harbor defence station. The plans for the station, it was reported, include buildings, defence guns, and a railroad.

Japanese Army and Navy Successfully Resist Finance Ministry Attempt to Cut Their Appropriations

TOYOTARI Yuki, Japanese Finance Minister, met with his first rebuff Feb. 9 in an attempted reduction of the record budget prepared by his predecessor, as the Army rejected his pleas for a decrease in military appropriations. Moreover, War Office leaders also opposed cuts in funds earmarked for administrative reforms and for measures designed to "stabilize national life."

The budget as finally approved by the Cabinet Feb. 12 was made up as follows:

Imperial Household	Yen 4,500,000
Foreign Office	33,000,000
Home Office	261,000,000
Finance Ministry	545,000,000
War Ministry	704,000,000
Navy Ministry	658,000,000
Justice Ministry	42,000,000
Education	145,000,000
Agriculture	115,000,000
Commerce and Industry	26,000,000
Communications	208,000,000
Overseas Affairs	23,000,000

The total budget amounted to Yen 2,764,500,000, representing a reduction of about Yen 260,000,000 compared with that of his predecessor in the Hirota Ministry, Dr Eiichi Baba. Much was said about "slashing" the budget, but the significant fact is that the war and navy demands were passed substantially unchanged. The principal reduction occured in the Home Office vote, which was placed at over Yen 420,000,000 in Dr. Baba's budget.

Industrialists and bankers in Tokyo Feb. 12 expressed themselves gratified at the budget cut, which they consider the best possible "under the circumstances."

The amended taxation bill is expected to increase the government's revenue by Yen 290,000,000, a decrease of Yen 170,000,000 from the former budget. Included are Yen 268,000,000, from internal revenue, Yen 18,000,000 from the customs and Yen 4,000,000 from a newly-created export control duty. Salient features of the new taxation program consist of a decided increase in direct taxes, a slight rise in indirect or consumption taxes, and an increased capital levy. Japanese Government bonds floated abroad being held by Japanese will find their interest yield subject to a 70 per cent income tax in cases where such an interest yield exceeds five per cent.

While the Army's and Navy's estimates will remain unchanged, both Ministries announced their intention to spend Yen 23,000,000 each of this year's appropriations in the 1938-39 fiscal year. The Cabinet instructed the Ministry of Education to spend Yen 523,000 for preliminary activity in connection with the planned extension of the compulsory education term by two years.

Ordinary revenue for 1937-38 was fixed at Yen 2,044,000,000. The resulting deficit of Yen 725,000,000 is to be covered by the issue of "red ink" bonds. The budget drafted by Dr. Eiichi Baba, Mr. Yuki's predecessor, provided for the issue of Yen 900,000,000 worth of deficit bonds.

Of the anticipated revenues, Yen 15,000,000 will come from increased domestic mail rates, and Yen 18,559,000 from higher tariff levies. The postage rate for letters will be raised from three to four sen, while post cards will have to pay two instead of 1½ sen.

The only cry of protest against the budget came from sorely-pressed agricultural areas, which saw a continuation of their present heavy burdens by the partial abandonment of plans to readjust provincial finances by means of heavy subsidies from the national government.

The rising cost of living is admittedly regarded by the Tokyo Government as its major problem, potentially capable of causing a serious political and economic crisis. The index number of wholesale prices in Tokyo for last month was 233.3, with October, 1900, as the base. This figure represented a gain of 8.6 per cent over the preceding month, and an increase of 21.6 per cent over the figure for Jan. 1935.

Foreshadowing a possible repetition of last month's Parliamentary fireworks, a group of leading members of the two major political parties Feb. 12 decided to assail Gen. Senjuro Hayashi's budgetary policies and his alleged violation of the Constitution. Taking part in the discussions were Kunimatsu Hamada, of the Seiyukai, whose fiery attack upon the Army led to the resignation of the preceding Cabinet, and Takao Saito, of the Minseito, who delivered a similar address at the 69th extraordinary session of the Diet last May.

Nakamura Resigns—Sugiyama Becomes War Minister

Gen. Sugiyama, Inspector-General of Military Education, succeeded Lieut.-Gen. Kotaro Nakamura as War Minister, Feb. 9. Lieut.-Gen. Nakamura, who had been ill with a severe cold, tendered his resignation on the grounds that his health did not permit him to remain in his post.

A *Tass* message from Tokyo Feb. 11 pointed out that the leadership of the Japanese Army, following Gen. Sugiyama's appointment as War Minister, again consists of the same "three persons"—Kanin, Sugiyama and Terauchi—which existed prior to the resignation of Mr. Hirota's Government with the only difference that Gen. Terauchi and Gen. Sugiyama have changed posts.

Count Hideo Kodama, Minister of Overseas in the Cabinet headed by Admiral Keisuke Okada, was selected to fill the post of Communications Minister Feb. 10. The portfolio had been held up to that date by Tatsunosuke Yamazaki, Minister of Agriculture and Forestry, and a colleague of Count Kodama in the Okada Ministry.

Sensational Army Trial Delayed by Sugiyama's Appointment

Gen. Sugiyama's appointment to the post of War Ministter prevented the Higher Court Martial from opening the trial of Lieut.-Gen. Haruhiko Uemura, former Director of the Army Ordnance Bureau, on charges of accepting bribes. Under the terms of the Court Martial Law, a tribunal trying a lieutenant-general must be headed by a full general on the active list. As a result of a drastic purge carried out after the mutiny of Feb. 26, only three full generals today remain in active service.

They are: Gen. Sugiyama; his predecessor, Gen. Count Terauchi, who cannot preside over the trial having been Lieut.-Gen. Uemura's direct superior when the latter was arrested on Nov. 26 last; and Gen. Uyeda, Commander of the Kwantung Army in Manchuria.

Minseito Member Says Defense Expenses Not Needed

An open declaration that Japan's vast military expenditures "appear to be entirely unwarranted at the present moment" was made in the Tokyo House of Representatives by Koku Kawasaki, of the Minseito Party, Feb. 15. Addressing Finance Minister Toyotaro Yuki, Mr. Kawasaki declared that the reduction of the budget prepared by the previous Government has brought the defense appropriations up to 49 per cent of the nation's entire expenditures. "If you scan the list of funds earmarked for new enterprises," Mr. Kawasaki asserted, "you will notice that 80 per cent of the money will go to the Fighting Services." The slashes in the budget, the parliamentarian further charged, were made at the expense of the Home Office, whose estimates of subsidies to local government units have been reduced by Yen 150,000,000.

"While it may be true that the strengthening of national defenses is urgently needed," he declared, "we should not forget that our defenses will not be secure if we cannot pay for them. National defense must rest upon a sound industry."

"Izvestia" Comments on Japanese Government Crisis

Moscow *Izvestia* in an international review entitled 'The Attack against the Remains of Parliamentarism in Japan,' Feb. 6 commented: "The question of the struggle against Fascism and war has acquired as yet an unwitnessed political acuteness in Japan, This is why the Japanese popular masses are deeply disillusioned by the results of the adventurist policy of recent years, unfolding a powerful movement for the creation of a united front in this struggle."

Privy Council Approves Montreux Convention

In the presence of the Emperor, the Privy Council in Tokyo Feb. 10 ratified the Montreux Convention of July, 1936, dealing with the refortification of the Dardanelles.

Japan Olympic Committee to Spend Yen 2,500,000

Decision to expend Yen 2,500,000 for the construction of an Olympic Village at Setagaya, a suburb of the Japanese Capital, in 1940, was reached by a sub-committee of the Japan Olympic Committee in Tokyo Feb. 9.

Tokyo Police Search for Army Man Charged With Fraud

The Tokyo police are searching for Major-Gen. Kiyoshi Yamaoka, a hero of the Jehol campaign of 1933, whom creditors charge with fraud. The officer, who formerly commanded the Second Cavalry Brigade in Chiba, disappeared early last month, after a retired policeman accused him of obtaining a loan of Yen 2,000 by pledging his salary in the Army.

Ikeda Accepts Presidency of Bank of Japan

Seihin Ikeda, until recently the "brains" of the vast Mitsui financial empire, Feb. 9 formally accepted the governorship of the Bank of Japan. Simultaneously, Juichi Tsushima, former Vice-Minister of Finance, widely known for his conservative economic views, was chosen Vice-Governor of the Bank.

Japan to Restrict Cotton Imports in 1937 to 14,000,000 Piculs

Raw cotton purchases for 1937 by Japanese importers were tentatively limited to 14,000,000 piculs by the Ministry of Commerce and Industry Feb. 15. The limitation, however, may be lifted at the Ministry's discretion. The step, officials said, is designed to prevent speculative imports in line with the license system on purchases of foreign exchange for the payment of goods imposed by the Ministry of Finance on Jan. 8.

Japanese Trade in East Shows Gain

Japan's trade in the Far East during January totalled Yen 100,770,000, a 26 percent increase over the corresponding period of last year, the Ministry of Finance revealed in Tokyo Feb. 13. Exports totalled Yen 53,895,000 and imports Yen 46,875,000, resulting in a favorable balance of Yen 7,020,000, an increase of Yen 5,015,000 over January 1936.

Travelling Fair Gets Orders for Yen 1,000,000

With orders reaching Yen 1,000,000, the Osaka "travelling fair" returned to Yokohama Feb. 12 aboard the s.s. *Rio de Janeiro Maru*, after an extended tour that took the vessel to Hongkong, Singapore, Colombo and ports in Africa and South America.

Mitsubishi Firm Indicted in Osaruzawa Mine Tragedy

The Mitsubishi Mining Company, controlled by the vast Mitsubishi interests, was formally charged by the Government Feb. 12 with criminal negligence, in connection with last year's Osaruzawa mine tragedy. More than 300 people perished and hundreds of others were injured on Nov. 20 last, when the bank of a containing tank of the Osaruzawa Copper Mines collapsed, burying the villages in the valley below under a blanket of corrosive, poisonuos, semi-liquid mud. On Dec. 22 another breach in the wall brought death to eight and injuries to 36.

Iron and Steel to Enter Japan Tax-Free

Exemption of pig iron and steel from tariff imposts in the next two years, to check the present upward trend in quotations, was tentatively decided Feb. 10 by Vice-Admiral Dr. Takuo Godo, Minister of Commerce and Industry.

Tokyo "Asahi" Discusses Anglo-Japanese Shipping Rivalry

The *Tokyo Asahi* Feb. 7 commented that it has become clear that the British shipping interests are resorting to the crafty measure of aggravating Anglo-Japanese shipping rivalry. Britain's policy is stated to be similar to that taken by the Dutch shipping interests some time ago. The shipping line on which the British shipping interests have suffered the fatal blow due to the activities of the Japanese ships is the Japan-India line, says the *Asahi*. The balance between the two countries was maintained in the amount of the tonnage of regular liners in the year 1929. In later years a spectacular advance was made by Mitsui, Kokusai, Kawasaki and Yamashita with the result that at present the Japanese vessels occupy 70 to 80 per cent.

Some of the Japanese shipping industrialists are advocating, in an effort to forestall the British shipping interests' campaign to prohibit the coastal navigation of Japanese vessels in British waters, that the Japanese coastal trade should be opened to foreign steamers, but the *Asahi* says the authorities of the Government concerned here have not yet given consideration to such a problem.

In regard to the report that the British shipping world is agitating to prevail on the Empire Conference which is to open in May to take drastic measures for coping with the spectacular advance of Japanese shipping, such as prohibition of Japanese vessels from navigation along the British coast, etc., the *Yomiuri* Feb. 6 commented that the Communications Ministry and shipping industrialists of Japan remain optimistic, taking the view that the campaign must be one to demand an increased shipping subsidy from the Government.

Japanese Want Party Government, But Firm Grip of Military Prevents

A correspondent who recently returned from Japan, writing in the *North China Daily News* Feb. 17, said the astounding manner in which all Japan save one section of the Army rallied to General Ugaki when he was named to form a Government showed unmistakeably that the Japanese people to-day are anti-military and that a return to party government could be accomplished were it not for the firm grip through Imperial Ordinances and in other ways that the military has on affairs in Japan. However, the Army has awakened to the necessity of proceeding more cautiously and gradually if it is not to provoke an uprising among the masses. The result of these two factors is that a truce has been declared in the Japanese political world, and the Hayashi Ministry is the fruit of that truce. The decision between Fascism and parliamentarism has not yet been made in Japan. It has merely been postponed. Sooner or later this conflict between two utterly irreconcilable theories of government will be resumed, and sooner or later it will be fought to a finish, with death for one and triumph for the other, says this correspondent.

Japan Supplants U. S. as World's Largest Rayon Producer

Based upon figures published by the Japan Rayon Association covering output for the first ten months of 1936, Japanese rayon production this year will exceed United States production, according to the *Rayon Organon*, published by the Textile Economics Bureau, Inc. Thus Japan will have passed the United States as the world's largest producer of rayon, a position which has been held by the United States since the World War. Figures quoted in the *American Silk and Rayon Journal* show that Japanese rayon yarn production for the ten months to October totaled 221,800,000 pounds against 164,060,000 pounds in the corresponding 1935 period, a gain of 35 per cent. Projected to an annual basis, the 1936 Japanese rayon yarn production might approximate 275,000,000 pounds, and the rayon staple fibre an additional 50,000,000 pounds, totaling 325,000,000. United States output for 1936 showed a gain over the 1935 output of 257,557,000 pounds, but the total was substantially short of that achieved by Japan.

Japanese Renault Co. Obtains Patent Rights from French Company

Tomosaku Nakano, president of the Showa Renault Industry Co. in the Showa Building, Tokyo, (with a capital of Yen 3,000,000) who had been in France negotiating with the Eugene Renault Co., manufacturer of arms and ammunition, for transfer of the latter company's patents and the right to manufacture airplanes, automobiles, tanks, etc., since September last year, telegraphed to his Tokyo office Feb. 6 reporting completion of the transfer of the rights.

These rights include about 1,000 patents and all the patents the French company may take out in future. The *Tokyo Nichi Nichi* states that upon the return of Mr. Nakano to Japan in March concrete plans for the manufacture of arms will be undertaken after the site of the factory is fixed in Tokyo. The company is to devote itself to the manufacture of automobiles, tanks and Diesel engines.

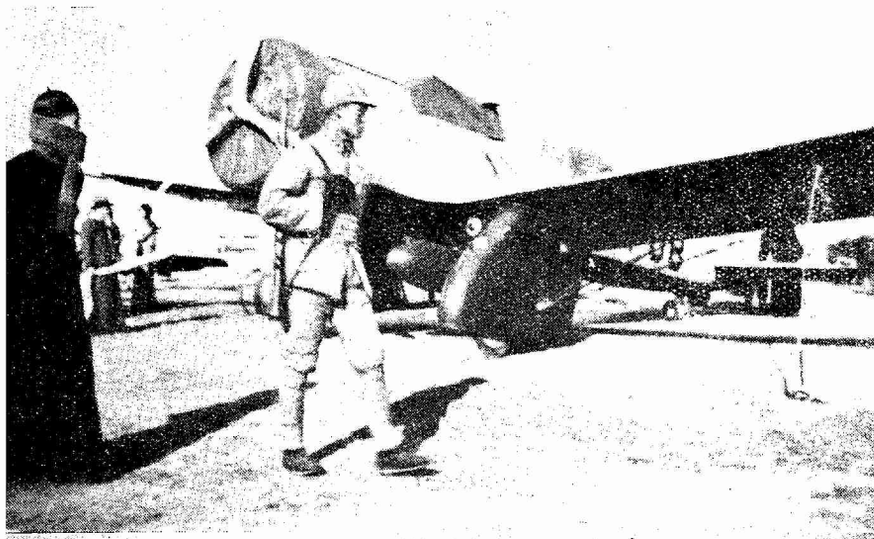
Mr. Suma Emphasizes China's Unification and Higher Army Morale

Since his return to Japan, Y. Suma, until recently Japanese Consul-General in Nanking, has been a frequent speaker at various public organs and societies on Chinese conditions. Speaking before the East Asia Research Association of the Tokyo *Nichi Nichi* on the subject of "Present Conditions of the Nanking Regime and Future Sino-Japanese Relations," Mr. Suma paid a generous tribute to the increasing strengthening of China's unification and the manifestation of higher army morale. Mr. Suma attributed much of China's unification to what he chose to call the "Kwangtung spirit," also quoting certain foreigners as saying that Japan today is like the sun, while likening China to the rising sun.

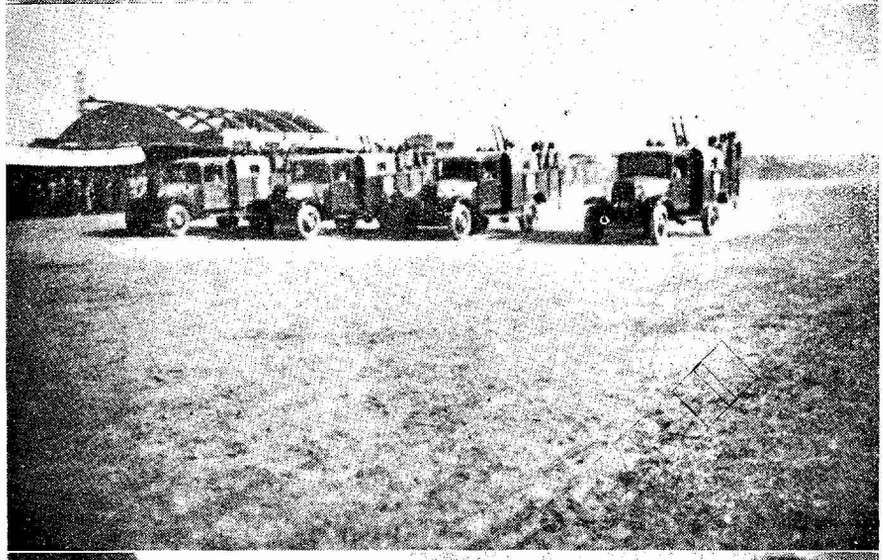
Tokyo Police Ban 100 Pamphlets in 12 Months

More than 100 pamphlets dealing with economic and political topics have been banned by the metropolitan police since the mutiny of Feb. 26, 1936, as containing thoughts liable to mislead or excite the population, the Tokyo *Miyako* revealed Feb. 9. The writers and publishers of more than 400 other publications have also been warned by the police during the year to make partial retractions or to exercise greater caution in the future.

ANTI-JAPANESE SENTIMENT SWEEPS NORTHWEST



The picture directly above shows a figure wearing Chinese clothes in the act of shaking hands with Hitler. The inscription denounces Fascism and all "traitors" who may associate themselves with the Japan-German-Italian "bloc."



Upper Left—**One of the 58 Nanking planes which were concentrated in the Northwest, some of which were seized at the time of the Sian rebellion.**

Center Left—**Anti-aircraft guns mounted on trucks in the vicinity of Sian.**

Bottom Left—**A speaker addressing a crowd estimated at 50,000 at the town of Lantien, near Sian, Shensi. The crowd was made up largely of soldiers in the so-called "red-army."**

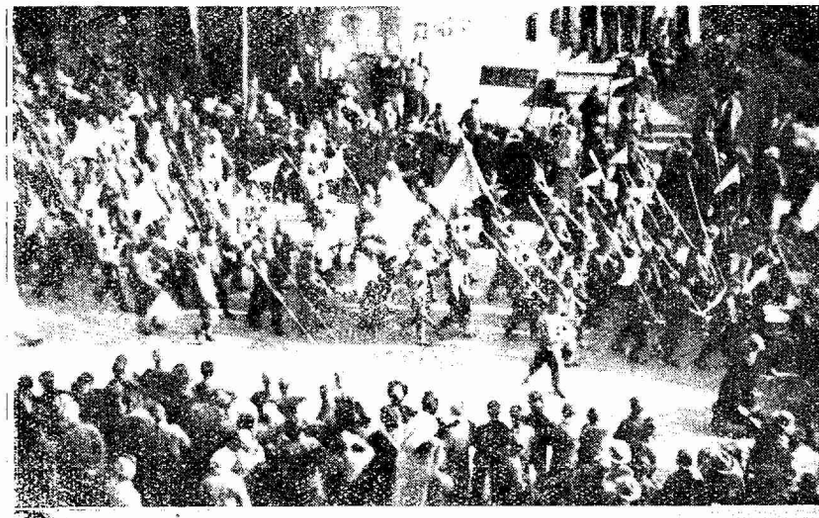
Dr. John Earl Baker Says Handling of Relief Labor in U.S. Is a Scandal

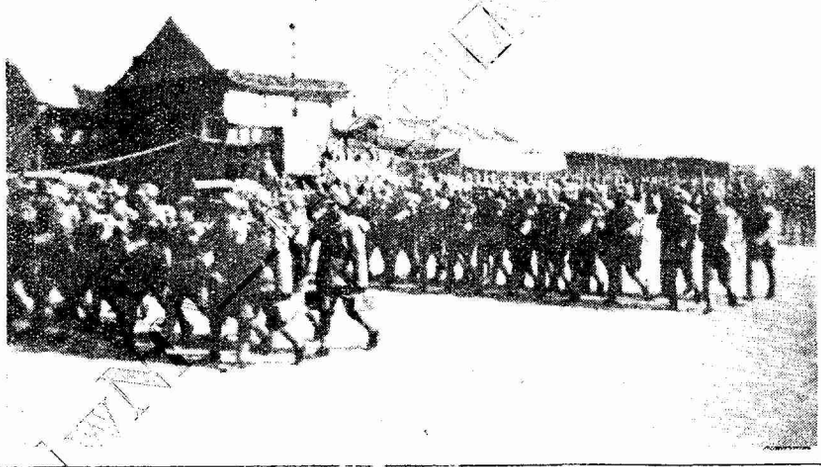
Speaking before the American University Club luncheon meeting Feb. 9 on "America—Communist or Fascist," Dr. John Earl Baker, Executive Secretary of the China International Famine Relief, said the coming struggle for power in America will be between the "beef squad" and the "Santa Claus vote," His speech generally painted a dark picture of the future of the United States.

The "beef squad," Dr. Baker explained consists of a few hundred gangsters of the longshoremen's union who use physical force against their opponents. The "Santa Claus vote" represents the thousands who have secured government jobs on which they do not have to do any work, jobs which keep the present regime of politicians in power.

Speaking of the government's Works Progress Administration, which cares for the unemployed, the famine relief head said that putting up "Men at Work" signs was a good idea, as no one would ever suspect it. A druggist sells W. P. A. flea powder, he said, which "may not kill fleas, but is guaranteed to take the ambition out of them." Handling of relief labor is a scandal, Dr. Baker concluded, and the idea behind the system is not to build sidewalks but to get votes.

NORTHWEST PREPARES FOR WAR AGAINST JAPANESE AGGRESSORS





Those in the picture directly above are so-called peasant "partisans" and students who have been trained and armed with spears and pikes due to luck of guns.

Upper-Left—Students and peasant "partisans" taking part in demonstrations in the Northwest.

Center-Left—"Tungpei" or Manchurian troops participating in a demonstration against Japanese imperialism. Banners demand the return of the Northeastern territories.

Lower-Left—Some of Gen. Yang Hu-cheng's troops participating in a review prior to the recent withdrawal from Sian.

Japan to Place Henry Pu Yi on Dragon Throne?

A Peiping message dated Feb. 16 to the *Hwa Mei Wan Pao* stated that rumors are current in Tientsin to the effect that as a result of the joint conference between representatives of the Japanese Kwantung Army, Japanese Garrison in North China and the puppet states of "Manchukuo" and East Hopei, the Japanese have decided to utilize the Chinese, Manchus and Mongols in North China, Manchuria and Inner Mongolia to restore the Manchu dynasty and with the military support of Japan to place Henry Pu Yi on the Emperor's throne in Peiping. The plan, it was stated, represents an attempt by the Japanese to amalgamate the two puppet regimes—"Manchukuo" and East Hopei—with the rest of North China.

Italian Savant Sees Similarity in Characteristics Between Japanese and Italians

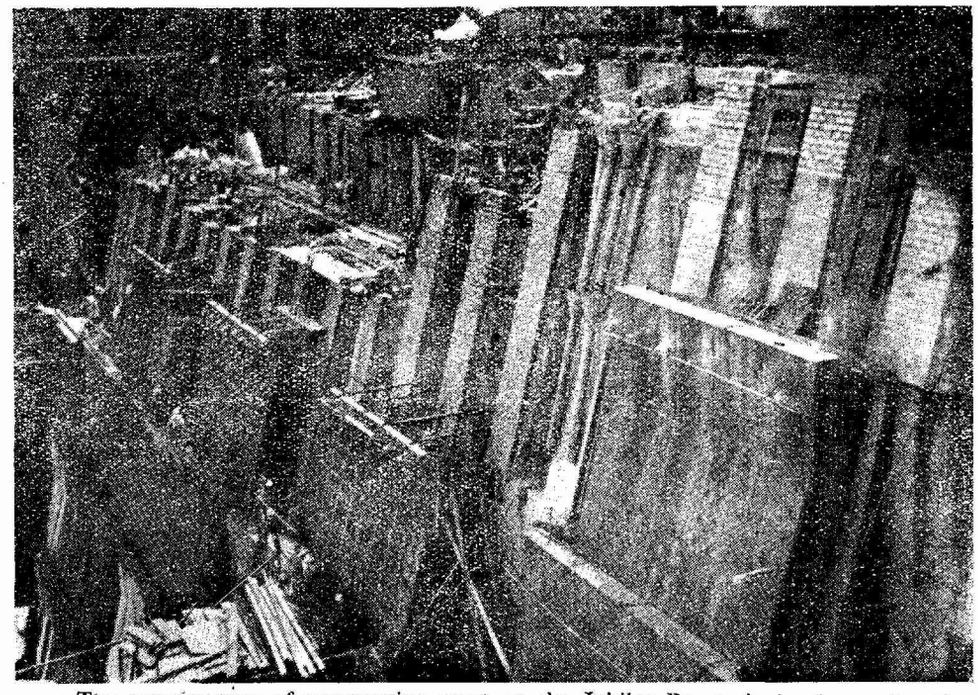
Dr. Giuseppe Tucci, who spent three months lecturing in Japanese universities and culminated his stay by founding the Insituto Italo-Giapponese, arrived here end of last week. During a short stay in Shanghai he lectured at the Casa D'Italia on the "Problems of Culture in Modern Italy." The Italian professor said he saw a similarity not only between the national characteristics of Japan and Italy, but in the political and economic issues now facing both nations. Dr. Tucci and Mme. Tucci have in the meantime sailed for Italy.

Highest Dam in the British Empire Formally Opened Near Hongkong by Governor Sir Andrew Caldecott

Sir Andrew Caldecott, Governor of Hongkong, Jan. 30 officially opened the huge Jubilee Reservoir at Shing Mun, which has recently been completed at a cost of approximately $8,000,000. At the busiest period of the work, which was commenced four years ago, about 2,500 men were employed, and the completion of the main dam, which is 285 feet in height, (believed to be the highest in the British Empire) has provided a reservoir with storage capacity of 3,000,000,000 gallons.

Originally suggested by R. M. Henderson, the present Director of Public Works, ten years ago, the work was eventually undertaken and carried through by Binnie, Deacon and Gourley, of London, with G. B. Giggord Hull as Resident Engineer.

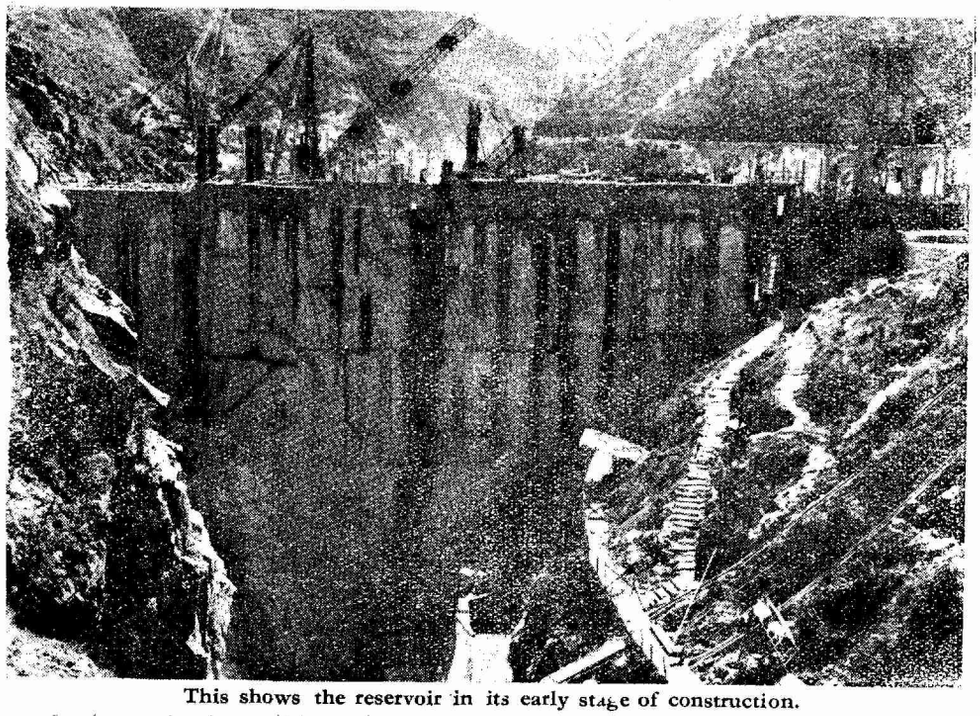
The following details of the work are contained in an excellent illustrated booklet issued by the Resident Engineer. This reservoir, named to commemorate the Jubilee of the late King George V. is situated in the Shing Mun Valley in the New Territories, some twelve miles from Kowloon. The reservoir was constructed to afford an additional supply of water to the communities of Hongkong and Kowloon, which are separated by an arm of the sea about one mile in width and which have a combined population of between 700,000 and 800,000 people. A pipe line is being laid on the bed of the channel so that water can be transferred from one side to the other. The reservoir is formed by two dams, one known as the Shing Mun Dam and the other as Pineapple Pass Dam.



The massive type of construction used in the Jubilee Reservoir is shown in this picture taken when the dam was partially finished.

Construction began at the beginning of 1933. An Access Road, three miles long, was first built to reach the site of the dam; then coolie lines for 2,500 workmen, bungalows for the European staff; water supply, sanitation, hospital and works buildings.

In the early stages of the work considerable anxiety was caused by the heavy floods common to the wet season in the district, but they were safely controlled and no actual damage to the works resulted, although several lives were lost by drowning. During construction the River was carried by a tunnel 15 ft. in diameter driven through the hill on the north bank. This tunnel also serves to take discharge from the overflow, which consists of a concrete bellmouth 74 ft. in diameter, leading to an inclined tunnel, also 15 feet in diameter, which meets the diversion tunnel about half-way along its length.



This shows the reservoir in its early stage of construction.

The Governor in the course of his speech said: "The full gauge of what this great work means for us in Hongkong and Kowloon may be taken from what it does not mean. It does not mean, alas, that we are at the end of our water difficulties. I will put the position to you in a nutshell. Last year we had 214 days of water restriction in Hongkong and 140 days of it in Kowloon. From statistics recorded during the unrestricted periods we calculate that, if there had been no restriction, consumption would have averaged some 220 million gallons a day over the whole year. Now that this dam is completed our sources of supply on the island and the mainland combined are believed to be good for 23½ million gallons a day. So, on an unrestricted basis we have a margin of only three quarters of a million gallons a day against a demand that is rapidly increasing both extensively and intensively. You will readily understand therefore what would have been our predicament but for this great triumph of engineering."

British Firm, Malcolm & Co., to Install Waterworks System at Canton

A final agreement was reached last week between the British firm, Malcolm & Co., Ltd., Shanghai and Hongkong, and Tseng Yang Fu, Mayor of Canton, for the construction of a water filtration plant to supply the city of Canton. Work is to start in the immediate future. The plant will comprise a battery of twelve filters and will be capable of supplying 30,000,000 Imperial gallons a day of 24 hours of clear sterile water. The site of the new filtration plant will be in the old water-works compound, situated on the Pearl River. The new unit will be complete in every detail from pumping room with river source of supply, to powerful pumping sets, continuous settling tanks, filters, adequate clear water storage to meet sudden excessive demands; and in addition a 3,500,000 Imperial gallon storage reservoir is to be erected within the city limits.

Third C. E. C. Plenary Session Opens at Nanking; Reds Willing to Abolish "Soviet" Government

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Recovery of Lost Territories Foremost Issue Confronting Nation, Says Wang.**
2. **Reports on Party and Political Affairs Heard at First Meeting of C. E. C. Session.**
3. **Chinese Communist Party Submits Five Proposals, Ready to Abolish "Red" Army.**
4. **Delegates of "Popular Front" Present Eight-Point Program to Party Meet.**
5. **Wang Said Informing Kawagoe of Nanking's Determination to Suppress Reds.**
6. **Sian Imbroglio Liquidated as Ku Chu-tung Arrives at Shensi Capital.**

With more than 200 C.E.C. and C.S.C. members in attendance, the Third Plenary Session of the Fifth Central Executive Committee of the Kuomintang was formally opened at a ceremony held at the Sun Yat-sen Mausoleum in Nanking at 9 a.m. Feb. 15. Wang Ching-wei, chairman of the Central Political Council, presided and delivered the opening address. Gen. Chiang Kai-shek, President of the Executive Yuan and Chairman of the Military Affairs Commission, who came back to Nanking Feb. 14, however, did not attend the ceremony. Immediately following the conclusion of the inaugural ceremony a preparatory meeting was held at the Central Kuomintang Headquarters which was attended by 175 members. Nine members were elected to the Presidium of the Session, namely Gen. Chiang Kai-shek, President of the Executive Yuan, Wang Ching-wei, Chairman of the Central Political Council, Tai Chi-tao, President of the Examination Yuan, Wang Fa-chin, C.E.C. member, Gen. Feng Yu-hsinag, Vice-Chairman of the Military Affairs Commission, Yu Yu-jen, President of the Control Yuan, Sun Fo, President of the Legislative Yuan, Tsou Lu, C.E.C. member, and Chu Cheng, President of the Judicial Yuan. Yeh Chu-tsang, Secretary-General of the Central Party Headquarters, was elected Secretary-General of the session. Those present at the inaugural ceremony included Lin Sen, Wang Ching-wei, Tai- Chi-tao, Chu Cheng, Chen Kuo-fu, Sun Fo, H. H. Kung, Yeh Chu-tsang, Chen Li-fu, Wu Chih-hui, Chang Chi, Wu Te-chen, C. T. Wang, Cheng Pu-lei, Shih Ying, Liu Shih, Chiang Tso-pin, Yang Hu, Shao Li-tze, Chu Min-yi, Wang Chung-hui, Hsiao Tung-tze, Yu Han-mou, Liu Wei-chih, Ho Chien, Chang Chun, T. V. Soong, Tseng Yang-fu, Chen Yi, Chen Shao-kwan, Chu Chia-hua, Huang Shao-hsiung, Shang Chen, Chin Teh-chun, Ho Chu-kuo, Cheng Chien, and others.

Altogether thirty two C.E.C. members have telegraphically asked for leave from attending the Third Plenary Session either because of illness or of pressing duties. They include Gen. Sung Cheh-yuan, Chairman of the Hopei and Chahar Political Council, Gen. Li Tsung-jen, Pacification Commissioner for Kwangsi, Gen. Ku Chu-tung, Director of the Generalissimo's Provisional Headquarters in Sian, Gen. Lung Yun, Chairman of the Yunnan Provincial Government, Gen. Huang Mu-sung, Chairman of the Kwangtung Provincial Government, Gen. Han Fu-chu, Chairman of the Shantung Provincial Government, Gen. Liu Hsiang, Pacification Commissioner for Szechwan, Chao Tai-wen, Chairman of the Shansi Provincial Government, and Chang Hsueh-liang.

RECOVERY OF LOST TERRITORIES FOREMOST ISSUE CONFRONTING NATION, SAYS WANG

In face of the unabating national crisis the foremost question confronting the Kuomintang as well as the nation is that of recovering lost territories and safeguarding areas which are still under Chinese jurisdiction, declared Wang Ching-wei in an address at the inaugural ceremony of the Third Plenary Session. Another equally important issue which awaits immediate solution, said Mr. Wang, is the stabilization of internal conditions following the peaceful liquidation of the Shensi-Kansu imbroglio, so that the national defense program worked out by the Central Government in recent years will not receive a setback and its Communist-suppression campaign may be brought to an early consummation. The third main problem which directly concerns the salvation of the country and which hinges on the enforcement of the Principle of Livelihood is the promotion of the people's economic reconstruction movement.

In order that China may continue to exist, Mr. Wang said, the economic strength of her people must first be reinforced. Such a reinforcement, according to Mr. Wang, can only be brought about by the improvement of the economic status of the masses. How to relieve the financial burden of the people and how to enhance the economic welfare of the people—this has to be thrashed out by the present Session, Mr. Wang emphasized. On top of that, Mr. Wang said, there is a fourth point, namely the inauguration of a democratic government in accordance with the Principle of Democracy as expounded by the late Dr. Sun Yat-sen. Since Sept. 18, 1931, Mr. Wang said, we have championed the slogan of "national solidarity in order to overcome the national crisis." Such a slogan does not apply to the Kuomintang alone, but to the whole country. "This is the reason why the Central authorities have repeatedly passed resolutions calling for the convocation of the National People's Assembly," Mr. Wang said. Mr. Wang concluded his speech by reviewing political developments since the conclusion of the Second Plenary Session held last July.

REPORTS ON PARTY, POLITICAL AFFAIRS HEARD AT FIRST BUSINESS MEETING

Reports on recent Party and political affairs of the nation occupied the major attention of the first general meeting of the Third Plenary Session held at 9 o'clock in the morning of Feb. 16. The meeting, presided over by Yu Yu-jen, was attended by 176 C.E.C. and C.S.C. regular and reserve members. Before the meeting discussed business, the members in attendance observed a three-minute silence in mourning for those who fell in the Suiyuan campaign against the invasion by "irregulars." Gen. Chiang Kai-shek, however, did not attend the meeting. Chairman and members of the five sub-committees for the examination of proposals to the Session, who were nominated by the Session Presidium, were approved by the meeting. The chairmen and vice-chairmen of the sub-committees were respectively as follows:

(1) Party affairs: Chen Li-fu and Chen Kung-po, (2) Political affairs: Shao Li-tse and En-Ke-Pa-Tu, (3) Economic affairs: H. H. Kung and Li Wen-fan, (4) Educational affairs: Wu Chih-hui and Wang Shih-chieh, and (5) Military affairs: Ho Ying-chin and Chu Pei-ten, General Chu suddenly died at Nanking in the night of Feb. 17.

Chu Cheng, president of the Judicial Yuan, made a report on the work of the Standing Committee of the C.E.C. during the last half year. Dr. H. H. Kung reported on the work of the Central Political Council and of the Executive Yuan. Written reports were also read on the work of the Central Organization Department, the Central Publicity Department, the Central Mass Training Department, the Legislative Yuan, the Examination Yuan, the Judicial Yuan, and the Control Yuan. Meanwhile the National Government has notified the Ministry of Finance to appropriate $85,600 as expenses for the present Session of the Central Executive Committee.

Two lengthy reports on military and diplomatic affairs respectively were made by General Ho Ying-chin, Minister of War, and General Chang Chun, Minister of Foreign Affairs, at the second business meeting of the Session at 9 a.m. Feb. 17. Although the contents of the two reports are undivulged it is understood that they were also submitted to the Plenary Session. Attended by 176 C.E.C. and C.S.C. members with Sun Fo, President of the Legislative Yuan, presideing, the Session approved the nomination by the presidium of Wang Ching-wei, Tai Chi-tao, Yeh Chu-tsang, Shao Li-tze and Chen Pu-lai as members of the Manifesto Drafting Committee. General Chiang Kai-shek attended the meeting of the Presidium at 8.15 a.m. but did not participate in the second business meeting held shortly after it.

According to *Shanghai Evening Post*, the following resolutions are being discussed at the C.E.C. session,

(1) The resolution submitted by General Feng Yu-hsiang and General Li Lieh-chung which is reported to advocate the development of closer relations with foreign powers friendly to China to combat Japanese aggression, a moderate policy towards the so-called "popular front" and freedom of speech and associations.

(2) The resolution submitted by the Shensi leaders brought to Nanking by General Ho Chu-kuo, which is rumored to advocate a regional compromise with the communist forces in the Kansu and Shensi areas and suggests a readjusted political and military administrations in these two provinces.

(3) The National People's Assembly, postponed from last November to May 5, which will discuss the drafted constitution and elect first president of the National Government; the approval and enforcement of the constitution will bring an end to the Kuomintang tutelage era.

(4) Minor changes in the government, especially in the Executive Yuan ministries.

CHINESE COMMUNIST PARTY SUBMITS FIVE PROPOSALS TO C.E.C. SESSION

On Feb. 10, the Central Executive Committee of the Chinese Communist Party addressed a telegram (a copy of which was received by *The Review*) to the Third Plenary Session of the Central Executive Committee of the Kuomintang now being held in Nanking. After congratulating the nation on the peaceful settlement of the Sian Affair and expressing hopes for the impending unification of the country, the message outlines five proposals for the consideration

of the Kuomintang C.E.C. Session, which, the message hopes, will be adopted as the fundamental policies of the country. They are :

1. Cessation of all civil wars and concentration of national strength to cope with external aggression.
2. Freedom of speech and assembly and release of all political prisoners.
3. Summoning of a National Salvation Conference to be attended by delegates from all parties, factions, public bodies, and armies.
4. Acceleration of preparations for positive armed resistance against Japan.
5. Improvement of the people's living conditions.

The message further states that if the Kuomintang C.E.C. Session can resolutely adopt the above five proposals as the fundamental polices of the nation, the Chinese Communist Party, in order to demonstrate its sincerity for national unity to resist foreign aggressions, is willing to give the Kuomintang C.E.C. Session the following pledges :

1. Suspend all armed activities throughout the country aiming at the overthrow of the National Government.
2. The title of "Soviet Government" will be changed to "The Special Area Government of the Republic of China," and the "Red Army" will be re-named "The Chinese National Revolutionary Army" to be placed under the immediate direction of the Military Affairs Commission of the National Government in Nanking.
4. Realization of real democracy through the enforcement of popular suffrage in the area under the jurisdiction of the Special Area Government.
5. Suspend the enforcement of the policy of land confiscation, but resolutely carry out the national anti-Japanese policy.

DELEGATES OF "POPULAR FRONT" PRESENT 8-POINT PETITION TO PARTY MEET

Armed with a petition signed by the All-China National Salvation Association, five delegates of the "Popular Front," left for Nanking by train Feb. 15 to submit a set of proposals asking for immediate armed resistance against Japanese aggression with the cooperation of the United States, Britain, France and Soviet Russia, according to a *Shanghai Evening Post* report. Outstanding among the five delegates is Mrs. Tsang Nai-chi, wife of the American-educated economist and banker who is now, with eight other leaders of the Salvation Association, detained in Soochow on charges of offenses endangering the state. The eight resolutions are :

1. That the resistance in Eastern Suiyuan be extended to become armed resistance against Japanese aggression all over China with an effort to recover the lost territory—Manchuria.
2. That an alliance be signed with Great Britain, the United States, France and Soviet Russia for joint resistance against the encroachment.
3. That the "poisonous" negotiations with Japan be immediately suspended and all "disgraceful pacts and agreement" with Japan be abolished.
4. That all civil wars be suspended so that all po itical disputes be settled with an earnest desire for peace.
5. That a national salvation congress be immediately called.
6. That all laws and codes restricting the rights of the people be abolished, and that the genuine freedom of press, speech and assemblage be restored.
7. That political rights should be opened to the public in order to realize the true democratic form of government.
8. That all traitors and pro-Japanese elements should be removed, and all political prisoners released.

SEVERAL IMPORTANT DELEGATES AND THEIR VIEWS ON THE SITUATION

Of particular significance is the arrival of Gen. Huang Shu-chu, Chairman of Kwangsi, and Gen. Ho Chu-kuo, commander of the northeast cavalry army, in Nanking at attend the third plenary session of the C.E.C. Gen. Huang arrived by air Feb. 15, while Gen. Ho came by train Feb. 14. It is understood that Gen. Li Tsung-jen and Gen. Pai Chung-hsi have telegraphed a joint proposal to Nanking. Immediately upon his arrival, Gen. Ho called on both Generalissimo Chiang Kai-shek and War Minister Ho Ying-chin to make a report on troop movements in Shensi and Kansu.

Gen. Yu Han-mou, pacification commissioner for Kwangtung, arrived at the Capital Feb. 14. In an interview with the *Central News Agency*, Gen. Yu expressed deep satisfication with the military rehabilitation in the south following the extension of the Central government's authority to Kwangtung and Kwangsi provinces. He said he would submit a report on the army affairs to the Central authorities as well as the acute food problem which is facing the southern province.

Lieut.-General Chin Te-shun, Mayor of Peiping, arrived at Nanking Feb. 15. Besides attending the Third Plenary Session, Lieut.-General Chin will, on behalf of General Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council report to General Chiang Kai-shek on present conditions in North China. Owing to pressure of duties, General Sung is unable to attend the Session in person although he is a member of the Central Supervisory Committee. Interviewed regarding the situation in North China, Mayor Chin said that much progress has been made in the reconstruction field. In view of the transquillity in Peiping and Tientsin, business in the two cities increased fourfold last year as compared with the preceding year. As to diplomatic affairs, Lieut.-General Chin asserted that nothing unusual has happened; General Sung Cheyuan is resolved to uphold the integrity of the country's sovereign rights and to deal with civil and diplomatic matters in compliance with the instructions of the Central Government.

According to *Shanghai Nichi-Nichi*, the main proposals concenring North China, which will be brought up at the present Third Plenary Session of the Kuomintang, are :—

(1) The abolition of the Hopei-Chahar Political Council.
(2) The abolition of the Eastern Hopei Bogus regime.
(3). The recovery of the six hsiens in Northern Chahar.

CHANG HSUEH-LIANG RESTORED HIS FULL CIVIL RIGHTS

The National Government in a mandate issued Feb. 17 restored to Chang Hsueh-liang, leader of the Sian Revolt, his full civil rights. Chang, it may be remembered, was sentenced to ten years' imprisonment and deprived of his civil rights for five years by a military tribunal. He was later granted a special pardon by the National Government upon the recommendation of General Chiang Kai-shek.

According to *Shanghai Nippo* Feb. 10, Chang Hseuh-liang is still staying in Fenghua, General Chiang Kai-shek's native place, despite the report to the effect that he has proceeded to Hangchow. It is further reported that he has been detained at Suehtao Temple in Fenghua.

According to *Hwa Mei Wan Pao*, some 24 professors on the faculties of Peiping universities have despatched a telegram to the Ministry of Education in Nanking, with a request that the contents be conveyed to the Third Plenary Session of the C.E.C. of the Kuomintang. The telegram is reported to read as follows :

"We have heard lately that the Ministry of Education plans to dismiss all professors who have differences of opinion with the Government. If such an action is taken, it would be a disgrace to education and a misfortune for the country. We demand that the Plenary Session avoid all splits and take a mild attitude towards its own people. But a strong attitude should be taken towards the extenral enemy. The people must be guaranteed freedom of speech and press."

NATIONAL SALVATION LEAGUE URGES CONSOLIDATION OF UNITY

The United National Salvation League, which was formed by various public bodies in Shanghai following a meeting on Feb. 15 at the Pootung Native Guild building, has issued a manifesto to the nation urging the consolidation of the newly achieved national unity. All internecine warfare, unrest among the people and alien encroachments upon the country during the past 20 years, the manifesto declares, have been the result of disunity and the existence of remnant feudalism. In order to repel the advances of alien foes and to set the country in order, the declaration opines, the primary way is the unification of the country and the centralization of authority under the Central Government. Finally, the manifesto appeals to the people of all walks of life in the country to join hands together in eliminating warlords and "traitors" by strong public opinion and moral pressure. Aside from the manifesto to the nation, the newly formed United National Salvation League has also sent a circular telegram to the people and public bodies in the interior and a petition to the Third Plenary Session of the Fifth Central Executive Committee of the Kuomintang in Nanking, reiterating the above-mentioned points.

WANG INFORMS KAWAGOE NANKING WILL FIGHT REDS TO BITTER END, REPORTS "DOMEI"

China's determination to root out the Communist armies was conveyed Feb. 15 by Wang Ching-wi, Chairman of the Central Political Council, to Ambassador Shigeru Kawagoe, according to *Domei*. Meeitng for the first time, the two statesmen exchanged views on Sino-Japanese relations and the problems currently confronting China. The interview lasted an hour. Mr. Wang, *Domei* learned, told Mr. Kawagoe that while he was serving as Foreign Minister he took advantage of every opportunity to improve the relations between the two nations. This attitude, he is said to have added, he has not changed. The Chinese statesman also reportedly expressed his approval of the views on Sino-Japanese relations recently voiced by Prince Fumimaro Konoye, President of the House of Peers, and Finance Minister Toyotaro Yuki. The Chinese Government's determination to combat Communism, Mr. Wang assertedly continued, will never weaken, and the Nanking administration is resolved to eradicate the Reds. The interview was held at Mr. Wang's private residence in Nanking. Mr. Kawagoe was accompanied by Tozo Shimizu, First Class interpreter.

According to *Central News*, during the interview, the Japanese envoy inquired after the health of Mr. Wang. Matters relating to the Third Plenary Session of the Fifth Central Executive Committee of the Kuomintang were also touched upon.

NANKING ANTICIPATES A LULL IN SINO-JAPANESE SITUATION

The existing lull in Sino-Japanese relations may continue for sometime as the new Japanese Cabinet headed by Gne. Hayashi will most probably be busily occupied for two or three months at least with such pressing matters as the passage of the gigantic national budget, the question of dissolving the Diet, and other domestic reforms, according to observers in Nanking. Another reason which prompted the same observers to be hopeful of a continued lull in the Sino-Japanese situation is the fact that H. Saito, the new Foreign Minister, will unlikely be able to return to Japan from Washington to assume his new post immediately.

Writing on the subject of Sino-Japanese cooperation, the *Shanghai Nippo* declares that painful lessons have been learned by both China and Japan since the breakdown of Sino-Japanese diplomatic negotiations last November. "China has gone through the Sian crisis, while Japan has experienced a crisis in its government. These events have shown the close inter-relation of domestic and foreign affairs and political leaders in both countries are now more deeply conscious of the necessity for bringing about a readjustment of Sino-Japanese relations. Wang Ching-wei, in an interview with S. Kawagoe, pointed to the necessity for Sino-Japanese cooperation in order to ensure peace and stability in the Far East. General Hayashi, in his speech to the Diet, declared that such cooperation is absolutely essential. It seems to us, therefore, that the time has arrived for the achievement of a thoroughgoing readjustment of the relations between China and Japan."

In reply to Baron Sakatani's interpellation at the House of Peers Feb. 15, Premier Hayashi assured his audience that Japan has not any aggressive designs in North China, and would do her best to dissipate any misunderstandings when an occasion arises, reported *Central News* from Tokyo. Premier Hayashi later repeated his assurances in the Lower House when he said that Japan not only had repeatedly expressed her intention not to invade China, but also is ready to accord a new conception to the surging tide of China's nationalistic feelings.

Hsu Shih-ying, Chinese Ambassador to Japan, is leaving Tokyo on Feb. 18 on his way back to China and is expected to arrive in Shanghai on Feb. 20, according to *Central News*.

CLOSER COOPERATION BETWEEN CHINESE AND JAPANESE NEWS AGENCIES PROPOSED

Suggestions for closer cooperation between the two leading Chinese and Japanese news agencies to enable the peoples of the two countries to have a better understanding of each other were discussed at a meeting between Hsiao Tung-tze, Director of the *Central News Agency*, and Y. Shimojo, sub-manager of the *Domei Tsushin-sha*, Shanghai. The Japanese journalist, who called on Mr. Hsiao Feb. 14, expressed the hope that the *Central News Agency* will be able to supply to the Japanese agency fast and accurate news reports on Chinese Affairs in order that the readers in Japan will have a better understanding of this country. Problems of a telephoto service between the two countries were also discussed.

At the interview between Lieutenant-General Kanichiro Tashiro, Commander of the Japanese Garrisons in Tientsin, and General Sung Cheh-yuan, head of the Hopei-Chahar Political Council, in Tientsin Feb. 5, the resignation of Chen Chung-fu, head of the diplomatic committee of the Hopei-Chahar Council, and Sino-Japanese economic co-operation and the present conditions in North China were discussed in detail. The talk referred also to the report that the Nanking Government will submit to the C.E.C. plenary session the question of abolishing the Hopei-Chahar Political Council. As General Sung took the stand that he will decide his attitude toward Japan after the Nanking does, the talk is regarded as having ended in a mere talk.

The Hopei and Chahar Political Council replaced Feb. 16 its secretary-general, Ko Ting-yuan, by Yang Chao-keng, according to *Domei*. Mr. Ko has been serving as a liaison officer between the Council and the Central Government. Mr. Yang, who will act as secretary-general, has unitl now headed the Council's Political Affairs Department. The first high official to be displaced from his post was Chen Chung-fu, Chairman of the Council's Foreign Affairs Department. His removal resulted in representations from the Japanese authorities, who claimed that no personnel changes could be effected in North China without Japanese consent under the terms of the Ho-Umetsu agreement of 1935.

Gen. Sung Cheh-yuan is carrying out retrenchment measures in the administrative organs of the Hopei-Chahar Political Council. The committees on foreign affairs, economics and judicial affairs, and communications will be abolished and in their stead departments of foreign affairs, economics, judicial affairs and communication will be established. The staffs of these depattments will be much smaller than those of the committees, according to a *China Times* report.

Five reactionaries, who were instigated by "certain quarters" to create disturbances in Tientsin during the Spring Festival holidays were arrested by the Tientsin police Feb. 11 at Liangchiatsui, west of Tientsin. Five bombs were found in their hideout.

The Japanese Garrison at Kupeikow, one of the Great Wall passes in East Hopei, has been strengthened by 500 infantrymen, bringing the total strength to 800, according to *Central News*.

As the result of some minor injuries sustained from a riding accident, Gen. Han Fu-chu, Chairman of Shantung, has cancelled his planned trip to Nanking to attend the forthcoming C.E.C. plenary session. Gen. Han met the accident on Feb. 7 when he slipped from his seat while riding home after a review of his troops.

"IRREGULARS" TO RENEW ATTACK WITHIN TWO WEEKS

"Manchukuo" irregulars willl launch a major offensive on government lines within two weeks, according to *Central News*. This decision is stated to have been reached at a recent military conference presided over tby Prince Teh and attended by insurgent military leaders and "advisors" of "certain quarters." Pao Yueh-ching, Prince Teh's representative, has flown to Changchun to inform the military authorities there of the resolutions of the confab.

A new bogus regime known as the Mongolian Political and Military Affairs Administrative Office, with Prince Teh as the "administrator," will be established in the near future at Chapsar in northern Chahar, according to *Central News*.

The recent surrender of the "Irregulars" under Wang Ying stationed at Nanhaochan on the Suiyuan-Chahar border to the Government side was largely due to the good offices of a woman Mrs. Wang Hsiu-chih, wife of the commander of the newly-organized 6th Division of the Suiyuan forces, according to *Central News*.

Several thousand "Manchukuo" bandits under Chang Shih-ying (formerly under Chang Wan-ching) stationed at Nanhaochan, western Chahar near the Suiyuan border, have severed their relations with "certain quarters" owing to the oppression of the latter. As the majority of the officers were formerly Kuominchun men and connected with the Chahar authorities, they have moved southwards to seek reorganization by the Chahar Provincial Government.

A great manoeuver will be staged by the garrison army in Suiyuan on the 15th. of next month, according to *Shanghai Nippo*. Having decided to attend this manoeuver, Gen. Yen Hsi-shan, stated: "In order to fight a way out of China, we should use a special means to achieve such an end. We have set up a Ten-Year Plan for the training of our men in preparation for the strengthening of our national forces."

In a telegram to General Fu Tso-i, Chairman of Suiyuan, the Central Party Finance Committee states that another sum of $18,085.58 donated by various quarters, for the encouragement of the bandit-suppression forces in Suiyuan, during the period between Feb. 1 and 10 is being remitted to Kweihua through the Central Bank of China. The Central Overseas Affairs Commission also announced the receipt of $2,143.96 remitted by Overseas Chinese in Siam and the South Sea Islands for the Suiyuan troops.

As a personal representative of Prince Yun, former chairman of the Mongolia Local Autonomy Political Council, Duke Sha called Feb. 9 on Wu Chung-hsin and Chao Pei-lien, chairman and vice-chairman, respectively of the Mongolian and Tibetan Affairs Commission, to submit a report on the conditions in the various Mongol Leagues and Banners in Suiyuan.

Chi Shou-kwang, former member of the Suiyuan provincial Tangpu, was shot dead in cold blood by unknown gunmen at the home of Chai I-ching, another Party member, at Kweihua Feb. 8. The motive of the crime is unknown.

According to special *Ta Mei Wan Pao*, Wang Yin, the notorious leader of the irregulars in North Chahar, has been sent from Tientsin to Dairen by a certain party. It is reported that both Wang Yin and Chang Wan-chin will proceed to Changchun after the Chinese New Year holidays.

SIAN IMBROGLIO LIQUIDATED AS GENERAL KU ARRIVES IN SHENSI CAPITAL

Gen. Ku Chu-tung, Director of the Generalissimo's Provisional Headquarters in Sian, arrived at the Shensi capital with his staff at one o'clock in the afternoon of Feb. 9 to take complete charge of the situation in Shensi and Kansu. Gens. Yu Hsueh-chung, Ho Chu-kuo and Sun Wei-ju, all principal figures in the Dec. 12 revolt, were among those who met Gen. Ku at the station, around which a heavy cordon of gendarmes and soldiers was thrown. Perfect peace and order now reign inside the walled city of Sian, with national and Party flags flown in most of the larger buildings. All shops have re-opened their doors for business and posters voicing their welcome to the Central troops were prominently displayed in the windows or above the counters.

The first unit of Central Government troops to enter Sian was the Seventy-nineth Division under Gen. Sung Hsi-lien. Amid the blare of trumpets, the soldiers were everywhere cheered by the onlookers who thickly line the thoroughfares to witness the event. Synchronised with Gen. Ku's arrival in Sian, Central troops completed Feb. 9 the re-occupation of Lantien and Shanghsien to the southwest of Sian. The Red bandits who until recently dominated these places have now fled to districts to the north of the Wei River.

Gen. Ku Chu-tung has issued a proclamation, urging the youth of Shensi, who had been led astray during the Sian crisis, to go back to the right path. Gen. Ku promised utmost leniency to those who voluntarily repent their past misdeeds and pledge themselves to faithfully serve the nation. All the organizations which were

established during the Sian crisis have now suspended activities, while all radical and extremist elements have either fled the city or gone into hiding. Meanwhile, the *Si Chin Jih Pao*, which was seized by the rebels and renamed *Emancipation Daily* has resumed its original name to remain the organ of the Kuomintang. Under the aegis of the Central Government troops, numerous Government organs which were taken over by the rebels have again assumed their functions. Gen. Ku is taking definite steps in rehabilitating military affairs of the Northwest by ordering Gen. Yu Hsueh-chung to act as Pacification Commissioner of Kansu before Gen. Wang Shu-chang arrives to take up his new duties. The appointment, entrusts to Gen. Yu the duties of supervising the movements of the various army units formerly under Chang Hsueh-liang.

A pledge that he will follow the policies of the Central Government and the instruction of Gen. Chiang Kai-shek in discharging his duties was made by Lieut.-Gen. Sung Wei-ju, chairman of the Shensi provincial government, in the course of a speech at the weekly Sun Yat-sen memorial service at Sian Feb. 15. In another weekly memorial service held at the Generalissimo's Provisional Headquarters, Gen. Ku Chu-tung urged his subordinates to devote their energy in assisting the Central authorities in the task of national rejuvenation. Gen. Ku was guest of honor at a banquet given Feb. 14 by Yang Hu-cheng, the repentent Pacification Commissioner of Shensi.

YANG HU-CHENG RETURNS TO SIAN, CONFERS WITH KU

General Yang Hu-cheng, Pacification Commissioner for Shensi, who was responsible for the second Sian revolt, returned to Sian from Sanyuan Feb. 15 and immediately called on General Ku Chu-tung to confer with him on the settlement of the Shensi imbroglio.

With the northwest situation gradually returning to normal, the Central Government troops which moved into Shensi to maintain peace and order following the Dec. 12 mutniy at Sian, have started to withdraw to their original posts, several divisions having left Weinan for Hupeh and Hunan provinces. Gen. Chen Cheng, commander-in-chief of the bandit suppression forces in Suiyuan, has moved his headquarters back to Tungkwan.

Lieut.-General Teng Pao-san, Commander of the newly organized 1st Army in Kansu, called on General Chiang Kai-shek at Shanghai Feb. 10 and submitted to General Chiang a report in detail on conditions in Shensi and Kansu.

WIDOW OF GEN. WANG I-CHEH ASKS NANKING TO PUNISH RINGLEADERS

The widow of Gen. Wang I-cheh, former Northeastern army commander who was murdered by a group of radical officers in Sian during the Feb. 2 coup, sent Feb. 12 a telegram to the Central Government asking that immediate measures be taken to punish the ringleaders of the crime. Mrs. Wang revealed that her husband was loyal to the Central Government and refused to take side with the radicals in precipitating hostilities. She also related that on the afternoon of Feb. 2 a group of a hundred officers and soldiers headed by Sun Ming-chiu rushed into their private residence and opened fire on her husband who was then on his sickbed. Nine bullets struck Gen. Wang, killing him instantly. Gen. Ho Ying-chin, Minister of War, has sent a reply to Mrs. Wang stating that orders have been given for the arrest and punishment of the culprits who are responsible for the death of Gen. Wang. Gen. Chiang Kai-shek has also sent a message of condolence to Mrs. Wang. Meanwhile, Gen. Yu Hsueh-chung has carried out the orders of Gen. Ho Yin-chin in pseedily dealing with the perpetrators of the Feb. 2 mutiny. It is learned that of the ringleaders of the mutiny only Col. Sun Ming-chiu, Commander of the Special Service Regiment in Chang Hsueh-liang's army, Major-Gen. Pai Feng-hsiang, Commander of the 6th Cavalry Division,a nd Col. Shen Shao-chung, Regimental Commander of the 105th Division, are now still at large. The other perpetrators are now under detention in Sian, while Major-Gen. Kao Fu-yuan, Brigadier Commander of the 105th Division has been executed.

A mandate has been issued by the National Government granting a State Burial for the late Shao Yuan-chung, former chairman of the Party History Compilation Committee. The mandate eulogized Mr. Shao's revolutionary career and his contributions to the Party and the State. The late Mr. Shao who had held the posts of Chairman of the Central Publicity Council and Vice-president of the Legislative Yuan before his last post was killed on Dec. 13 last during the Sian crisis.

A circular telegram pledging his loyalty to the Central Government and denouncing the feudalism of General Yang Hu-cheng, Pacification Commissioner for Sian and concurrently Commander of the 17th Route Army, was issued Feb. 14 by Major-General Wang Ching-tsai (Wang I-wu), Commander of the 49th Brigade of the 17th Division under Lieut.-General Sun Wei-ju attached to the 17th Route Army.

MOSCOW SAID GIVING FRESH INSTRUCTIONS TO CHINESE REDS

According to *Shanghai Nichi-Nichi*, the headquarters of the Third International in Moscow recently transmitted the following instructions to the Chinese Communist Party:

"Since the only road to China's salvation lies through war with Japan, and as the Chinese masses are too backward for Communism, the members of the Chinese Communist Party must effect a compromise with the Kuomintang in Shensi, Kansu, Ninghsia, Chinghai and Sinkiang on the basis of a united front policy. All forms of alliance with the Soviet Union must be avoided and the Communists must strive to establish a united front regime in the region to the west of the Yellow River, namely, from Tungkwan to Tsetsekwan. The Soviet governments in Fuping (Shensi) and in Kansu must be liquidated. Together with the troops of Gens. Chang Hsueh-liang and Yang Hu-chen, the Communists must set up an anti-Japanese front. Party members must be strictly prohibited from entering the provinces of Shansi, Honan, Hupeh and Szechwan. Gen. Chiang Kai-shek must be respected; so that the united front may gain the sympathy of his followers."

Shanghai Nippo reported Feb. 9 that the Soviet Government has despatched Michael Borodin and Petrov to Kansu province to deliver instructions to the Chinese Red Army. The mission of the Moscow emissaries is to propagate anti-Japanese slogans in order to win the Nanking Government and all right-wing elements in Chinese politics for the anti-Japanese united front.

Communist-bandits under Chu Teh, are now concentrated at Fushih, north Shensi, and are planning to shortly inavde Shansi, according to *Central News*. Chu Teh called a meeting at Fushih a few days ago and decided to reorganize the Red forces to cross the Yellow River for west Shansi. The Reds also decided to reorganize the forces of "Kolaohua," a secret society in north Shensi.

According to *Kang Pao*, the disposition of the Chinese Red Army is as follows:

1. The Reds under Hsu Hai-tung have moved from the Southern part of Shensi to western Honan.

2. The Red Army under Peng Teh-hui has now reached Fuping, Sanyuan, Kaolin and Chinyang.

3. The Reds under Ho Lung have also reached the Northern part of Shensi.

In addition to this, there are at present about 40,000 Red Army troops in the Province of Szechwan.

$200,000 SCHOLARSHIP FUND CREATED IN HONOR OF LIN BIRTHDAY

A $200,000 scholarship fund will be created in honor of the 70th birthday anniversary of Lin Sen, Chairman of the National Government, which fell on Feb. 11 according to a decision reached at the session of the Central Political Councikl on Feb. 10 presicded over by Wang Ching-wei, Chairman of the Council. The fund will be donated by the Central Executive Committee and Central Supervisory Committee of the Kuomintang as an expression of appreciation of the praiseworthy services rendered by Mr. Lin to the Party and nation. The ways of employing the fund will be worked out later. In response to the donation, Mr. Lin who was also present at the session, said that he wished he could feel deserving such generous gift on the occasion of his birthday. Had it not been for the fact that it would be used to promote scholarship he would not think of accepring the donation. Mr. Lin then thanked his colleaques for the honor. In accordance with his wishes the occasion passed quietly without elaborate celebrations, although many high officials called at the National Government House to offer him congratutations.

KUNG REQUESTS CANCELLATION OF SHANSI MOVEMENT IN HIS HONOR

A movement, sponsored by the various public organizations, is now afoot in Shansi for the reection of a bronze statue of Dr. H. H. Kung, Vice-president of the Executive Yuan and Minister of Finance, in commemoration of his services to the nation as well as to Shansi, his native province. Dr. Kung, however, has dispatched a telegram to Shansi, requesting that the movement be cancelled. While expressing appreciation to the Shansi people for the movement, Dr. Kung maintained that he had done nothing to deserve such a great honor.

The request of Wang Ching-wei, Chairman of the Central Political Council, for a special pardon for the men who attempted to assassinate him in November 1935 while he was President of the Executive Yuan, cannot be considered at present, the Ministry of Judicial Administration states in a report to the Judicial Yuan. The report points out that judgment on the charges of endangering the Republic, preferred against the culprits, has already been rendered by the Kiangsu Provincial High Court. Since these charges have nothing to do with Mr. Wang personally, the latter cannot submit a petition for the pardon of the offenders. As to the charges of attempted murder, the report adds, these are being examined by the Metropolitan District Court. The matter still being *sub judice*, the question of a pardon for the culprits cannot be discussed before judgment is rendered.

Shanghai Mainichi reported Feb. 9 that the City Government of Greater Shanghai will be reorganized after the Third Plenary Session of the C.E.C. of the Kuomintang. Mayor Wu Te-chen will resign and travel to London with Dr. H. H. Kung, Minister of Finance, to attend the coronation of the British king.

China's Foreign Policy After the Kuomintang C. E. C. Conference

BY C. Y. W. MENG 孟長渭

ACCORDING to a despatch (*Central Daily News*, Feb. 11) from Tokyo, the Japanese Cabinet is again discussing Japan's China Policy. Toyotaro Yuki, Minister of Finance, in whom General Hayashi, the Prime Minister, has great confidence, has made "some important recommendations." The plan of sending an economic mission to China has already been decided upon—that is to say, after the Hayashi Cabinet has put Japan's house in order it plans another "new policy" for China. The "new policy" will, of course, mean a more aggressive and positive policy. Japanese Cabinets may be changed, but so long as the Army General Staff dominates the situation the so-called "Continental Policy" of the military elements will prevail.

Almost simultaneously another important conference is taking place in Nanking, and, according to report, a new cabinet is also in process of formation. "China's Japan Policy" was undoubtedly the most important item on the agenda, which the Conference had to decide.

The Declaration of 1928

On July 7, 1928, the Ministry of Foreign Affairs of the National Government made an important Declaration on the conclusion of new Treaties with the Powers, to the following effect:

> "All the unequal treaties between the Republic of China and other countries, which have already expired, shall be *ipso facto* abrogated and new treaties shall be concluded.
>
> "The National Government will immediately take steps to terminate, in accordance with proper procedure, such unequal treaties as have not yet expired, and conclude new treaties.
>
> "In the case of old treaties, which have already expired, but which have not yet been replaced by new treaties, the National Government will promulgate appropriate interim regulations to meet the exigencies of such situation."

A set of Provisional Regulations Governing the Relations between China and the Powers after the Abrogation of the Old Treaties and pending the Conclusion of New Treaties, consisting of Seven Regulations, was immediately promulgated by the National Government.

In other words, to revise the out-of-date treaties with the Powers individually, constituted the foreign policy of Nationalist China. This is generally known as the Treaty Revision Movement. The Movement had the sympathetic support of the world, and was a success. The year 1928 witnessed a series of revisions of treaties with the Powers, such as the Sino-Belgian Treaty (Nov. 22, 1928), the Sino-Spanish Treaty (Dec. 27, 1928), the Sino-Portguuese Treaty (Dec. 19, 1928), the Sino-Italian Treaty (Nov. 27, 1928), the Sino-Danish Treaty (Dec. 12, 1928), and the Sino-German Treaty (Aug. 17, 1928).

Since the establishment of the Nationalist regime, it had also been the Chinese policy to take back the foreign concessions one after another.

By the Chen-O'Malley Agreement of Feb. 19, 1927, "the British Municipality (in Hankow) will thereupon be dissolved, and the Administration of the Concession will be formally handed over to a new Chinese Municipality." Despite the "protests" from British residents in China on the ground of the complete absence of "satisfactory guarantees," the control of the area was formally transfered to the National Government on March 15, and is now known as "Special Administrative District No. 3" in Hankow.

By the Chen-O'Malley Agreement of March 2, 1927, "His Majesty's Government will cancel the British Municipal Regulations, and hand over unconditionally the administration of the Concession area at Kiukiang to the National Government, as of March 15, next."

By the Sino-Belgian Agreement of August 31, 1929, and ratifications exchanged on Feb. 18, 1931, the Belgian Concession in Tientsin was formally handed over to the Chinese Municipality.

By the exchange of Notes between Dr. C. T. Wang, the then Minister of Foreign Affairs, and A. F. Aveling, on behalf of the British Minister, the British Concession at Chinkiang, granted to Britain by virtue of the Sino-British Treaty of Tientsin of 1858, was officially handed over to the Chinese on Nov. 15, 1929.

By the Wang-Lampson (Dr. C. T. Wang and Sir Miles Lampson) Agreement of April 18, 1930, Britain agreed that "the territory of Weihaiwei, leased by China to His Britannic Majesty under the Convention of July 1, 1988, shall be restored in full sovereignty to China."

By the Wang-Lampson Exchange of Notes on Sept. 17, 1930, "the documents of title to the lots of land in the said area in Amoy issued by His Majesty's Government in the United Kingdom to nationals other than Chinese will be exchanged for Chinese deeds of perpetual lease, a registration fee of one dollar per mow will be charged, and the said concession will cease to exist . . . ."

In their joint memorandum to the National Government, Dr. W. W. Yen, the then Chinese Ambassador to Moscow, Dr. Wellington Koo, Chinese Minister to Paris, and Quo Tai-chi, Chinese Minister to Great Britain, were reported to have urged the Central Government to go on with the treaty revisions with the Powers, adding *inter alia* that "hereafter it should be the policy of the National Government not to approach any foreign government or its nationals of any country whose out-of-date treaty with China remains unrevised . . . . The National Government is also urged to employ no more foreign capital from such country for internal development or any joint-enterprises . . . ., etc."

The Declaration "Pigeon-Holed"

But since the Japanese invasion of Mukden on the night of Sept. 18, 1931, this Declaration has not been heard of; and, apparently, for the past six years, the Declaration has been "pigeonholed." For examples: The Sino-British Commercial Treaty of 1902 and the Sino-American Commercial Treaty of 1903 expired long ago; yet up to the present, no action has been taken towards the revision of the old treaty and the conclusion of a new one. When it was reported that "Nanking had pressed the U.S. for treaty revision," there was prompt official denial from the Ministry of Foreign Affairs that "this is not true." The Japanese Concession in Hangchow (Chekiang Province) was not taken back immediately when its term expired, as with other concessions, but was allowed to be "renewed for another 30 years!" This is the first foreign concession ever renewed under Nationalist China!

When questioned, the arguments, like a formula, will be: First: China has been too much occupied by the Sino-Japanese crisis to pay any attention to other issues. Secondly, in view of the present crisis, it is "not advisable" for China to take up negotiations with other Powers, etc.

In our opinion this is not so. China must adopt a definite foreign policy, and when once it is adopted, it must be carried out at once in spite of the adverse circumstances, such as the Japanese aggression. Secondly, China's Japan policy is only "a part" of China's foreign policy. China could not expect to be successful in China's Japan policy when she fails in her general foreign policy. If China is successful in her general foreign policy, it will greatly help China to cope with the Japanese aggression. One of the greatest mistakes committed by the Chinese during these six years of crisis is that they fail to realize the importance of these points, and that they pay too much attention to China's Japan policy, while the Declaration of 1928, a far bigger issue, is entirely left in abeyance.

In our opinion the more aggressive the Japanese action is the more China should stick to the Declaration of 1928 and continue vigorously with treaty revision with the Powers. The more hopeless the situation is the more we should pay attention to the general foreign policy.

No Isolation—Some of Our "Hopes"

Secondly, the Chinese theory that "a weak nation has no diplomacy" should be discarded entirely. The weaker a country is, the more it should resort to diplomacy to save herself. Inasmuch as it is not possible for her to meet the aggressor on the battlefield, she should meet the aggressor on the field of diplomacy. The usual trouble with a weak nation is that she stays in isolation; thus her fate is doomed. China is a weak country, but should she isolate herself, or be isolated, her only hope of salvation is lost. We have a few "hopes" for the year 1937, as follows:

No Isolation—Some of Our "Hopes"

(1) We hope that in 1937 the expired Sino-American and Sino-British Commercial treaties will be abrogated, and new treaties based on the principles of equality and reciprocity will be concluded and ratified at the earliest date.

(2) We hope that in 1937 another "MacMurray-Soong (John A. MacMurray, former American Minister to China, and T. V. Soong, the then Minister of Finance) Agreement" will be signed, in which America will lead the other Powers to give up her extrality in China, (as she did in the abolition of the restrictive tariff on China), with Great Britain quickly following suit.

(3) We hope that in 1937 a "joint declaration" will be made by China and Russia, whereby both pledge to cultivate their "cordial friendship" in the true spirit of the Agreement of 1924; and whereby Soviet Russia re-assures China of her intention to observe "the "Sun-Joffe (Dr. Sun Yat-sen and M. Joffe) Declaration of 1923," thus re-assuring China that she would not indulge in communist activities and agitations in China; and whereby China re-asserts her *de facto* sovereignty and control over Outer Mongolia.

We are not extravagant in our hopes; nor do we hope to do the impossible. These are the promises which these powers solemnly made long ago, and we simply ask said powers to live up to their promises. We will not present any argument for the abolition of extrality in China. We simply say to these Powers "Please be honest enough to honor your word;" "Please be more internationally-minded," and "Please realize that to meet China more than half way during the present crisis will achieve many

useful purposes, both to China and to the Powers themselves as well."

Article XII of the Sino-British Commercial Treaty of 1902 provides:

> "China having expressed a strong desire to reform her judicial system and to bring it into accord with that of Western nations, Great Britain agrees to give every assistance to such reform, and she will also be prepared to relinquish her extra-territorial rights when she is satisfied that the state of the Chinese laws, the arrangement for their administration, and other considerations warrant her in so doing."

Article XV of the Sino-American Commercial Treaty of 1903 provides:

> "The Government of China having expressed a strong desire to reform its judicial system and to bring it into accord with that of Western nations, the United States agrees to give every assistance to such reform and will also be prepared to relinquish extra-territorial rights when satisfied that the state of the Chinese laws, the arrangements for their administration, and other considerations warrant it in so doing."

More than 30 years have passed, yet none of these promises has been fulfilled. To be fair, we must admit that China herself must share the blame. But China has now rectified her mistakes, and she wants to insist that extrality must go by 1937 once for all. While the year 1937 must begin the abolition, the United States must lead the other Powers in the abolition movement.

The joint declaration issued in Shanghai by Dr. Sun and M. Joffe in January 1923 reads:

> "Dr. Sun Yat-sen holds that the communist order or even the Soviet system, cannot actually be introduced into China because there do not exist here the conditions for the successful establishment of either communism or sovietism. This view is entirely shared by M. Joffe, who is further of the opinion that China's paramount and most pressing problem is to achieve national unification and attain full national independence; and regarding this great task he has assured Dr. Sun Yat-sen that China has the warmest sympathy of the Russian people and can count on the support of Russia."

Another joint declaration will, therefore, serve many useful purposes. What reason, then, could our neighboring aggressor use to further deceive the world that China is going to the Reds; and what reasons could they, then, manufacture to press China to conclude an Anti-Red Pact, when China and Russia reassure each other on the basis of observing the "Sun-Joffe Declaration?"

The Result

While the first two "hopes" will virtually lead us to the formation of Sino-American and Sino-British "co-operation," the latter will lead us to a Sino-Russo "Entente." When further steps are taken, the result will be "Anglo-American" and "Russo-American" co-operation, so indispensable to save the whole situation in the Far East. Therefore, our diplomats in Washington, London, and Moscow are requested to be far more "active" than they have been: and China should embark on an "active diplomacy." Remember: The present situation is not entirely hopeless. There are some "ways out" for China. Washington, London and Moscow are the "exit" for China.

Possible Japanese Opposition

When we are taking all these steps, we predict, not with probability but with certainty, that Japan will raise bitter opposition, and that Japan will issue many "hands-off China" declarations. But our attitude should be one of firmness in carrying out our definite policy; and remain "calm" over the many Japanese declarations, notes and warnings, etc. Our friendly powers (America, Great Britain and Soviet Russia) are requested to note that they should remain equally firm and calm. Anything that they could do for China at the present moment means not only strengthening the Chinese national prestige, but means more than that: That is: to assist China to resist the aggression indirectly, to preserve peace in the Far East and peace in the rest of the world as well. So we appeal to the public intelligentsia in America, Great Britain and Russia to mobilize their public opinion to back up their governments to bring about negotiations with China to a successful conclusion, and not let any pro-Japanese elements or "die-hards" in their own countries to block the way.

The Policy Towards Japan

As stated above, we consider the enforcement of the Declaration of 1928 and the general foreign policy to be far more important than China's Japan policy, which is only "a part" of "the whole." When "the whole" is successful," the "part" could not be a failure. So it is not necessary for us to discuss particularly China's Japan policy. There is no hope and no way to readjust Sino-Japanese relations save to point out that unless:

(1) Japan abandons her Continental policy in China;
(2) Manchukuo be abolished, and Manchuria and Jehol be returned to China; and,
(3) the many "designs"—territorial, political, military, economic—in North China be abandoned in their entirety.

Such is *sine qua non* for readjustment of Sino-Japanese relations. Anything short of that will not be agreed to by the 450,000,000 Chinese.

On the other hand, we are aware that Japan will not agree to such a plan. Well, let there be a deadlock. Or, let the protracted negotiations go on to the point where both parties only "mark time," rather than, negotiating "with sincerity." If it is possible for China to "liquidate the Manchurian accounts" with Japan in 1937, China will do so. If not, the "liquidation" is simply postponed. When "the whole" is accomplished, China will not fail to liquidate "the part." Peace between China and Japan today is apparently bought at the expense of war tomorrow. Such is China's foreign policy which, we hope, the Kuomintang Conference of Feb. 15 will decide.

Nanking, Feb. 12, 1937.

Nanking Official Takes Part in Patriotic Film Entitled "Secret"

The film "Secret," latest product of the Central Movie Studio, which according to those who saw it in a private pre-view, is an epoch-making Chinese picture. The theme deals with the extension of the Central Government's sphere of influence into the hitherto semi-independent western province ruled over by a blood-thirsty warlord as a background. The picture describes the hardships and sacrifices of four Kuomintang members who are sent afield to push the revolutionary movement among the masses. As soon as they arrive in the western province they set out to organize the masses. This instantly arouses the ire of the warlord who, while nominally accepting the Central government's orders, is a dyed-in-the-wool anti-revolutionary. He arrests and tortures the Kuomintang workers, one of whom he orders to be buried alive for refusing to surrender the secret code.

The story is considerably brightened by the inclusion of a romance between one of the martyrs and his cousin, a girl revolutionary through whose efforts the Central Government troops are eventually brought to the province to usher in a new day for the people.

From many points of view, the technique, performance, sound effect and direction of the film excels the average run of Chinese pictures.

Of special interest is the participation in the film of Fang Chih, Director of the Publicity Deprtament of the Central Kuomintang Headquarters, who administer the oath to the four youthful revolutionaries and to whom he hands a secret code with which to communicate with the Central authorities.

Seven Hundred Perish When Crowded Theatre at Antung Burns to Ground

More than 700 persons, mostly women and children, perished in a fire which destroyed a crowded Chinese theatre, a large timber and plaster building, in Antung during the night of Feb. 13. The fire started suddenly at the back of the stage and, after bursting into the proscenium, spread rapidly. The theatre, which was crammed with 1,500 people, was burnt to the ground in 50 minutes.

Six hundred and fifty-eight corpses were recovered from the ruins. Twenty-eight persons who were seriously injured were taken to hospital; some of them are expected to succumb.

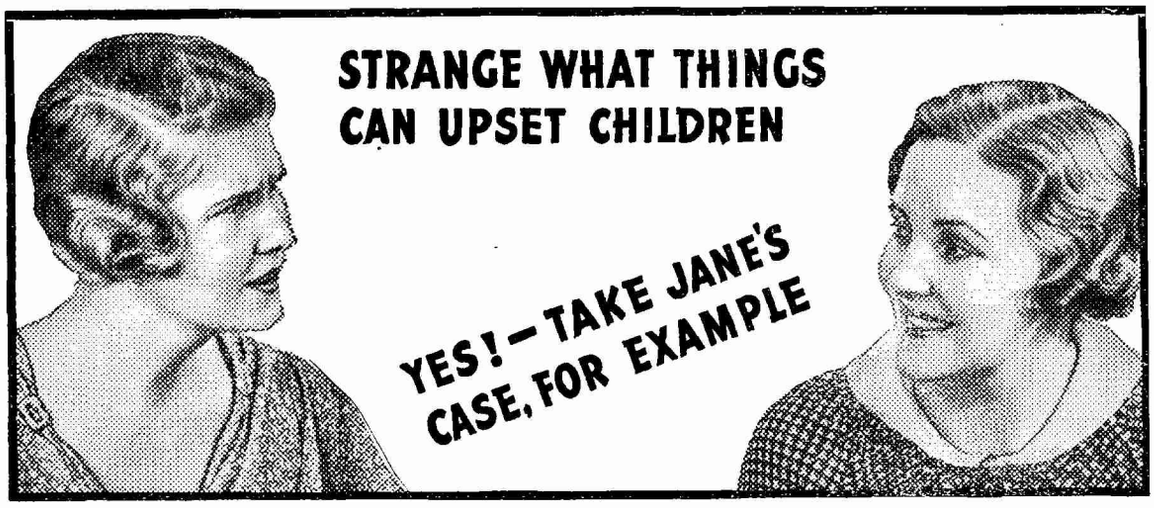
The fire is stated to have been caused by a candle in one of the actors' rooms. Thirty houses immediately adjoining the building were set on fire by sparks from the burning theatre.

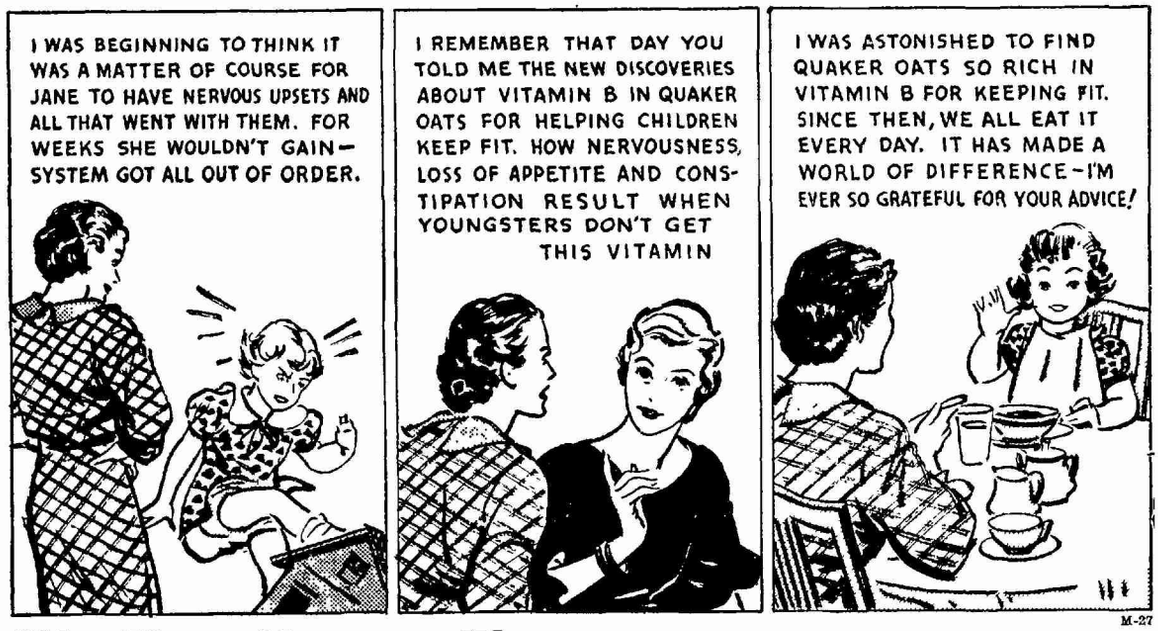
A Japanese policeman who was on point duty outside the theatre when the fire broke out worked heroically in rescuing people from the blazing building, but was himself caught by the flames and fatally burned. The fire exits of the theatre, to which the audience stampeded as soon as the flames were noticed, were locked and hundreds of bodies were piled up on the staircases.

Chinese Language in Insurance Policies Questioned in House of Commons

Attention was drawn by a Conservative member in the House of Commons in London Feb. 8 to a report that the Chinese Government intended to compel all insurance policies to be in the Chinese language. Replying to a suggestion that the British Ambassador to China, Sir Hughe Knatchbull-Hugessen, should be instructed to call the attention of the Chinese Government to the hindrance to business such a step would cause, Viscount Cranborne, Foreign Under-Secretary, said he had no information on the subject but was requesting the British Ambassador for a report. Viscount Cranborne informed another questioner that he was unaware of any recent developments regarding revision of the Chinese Insurance Law, but he was asking the British Ambassador for a report.

In this connection it was explained in Nanking the following day that the bye-laws in question do not stipulate that all insurance policies must be written in the Chinese language only. According to article 14 of these laws, while all insurance policies should be made out in Chinese, other languages may also be used side by side with the Chinese but the latter alone shall be deemed authentic and valid.




I WAS BEGINNING TO THINK IT WAS A MATTER OF COURSE FOR JANE TO HAVE NERVOUS UPSETS AND ALL THAT WENT WITH THEM. FOR WEEKS SHE WOULDN'T GAIN—SYSTEM GOT ALL OUT OF ORDER.
I REMEMBER THAT DAY YOU TOLD ME THE NEW DISCOVERIES ABOUT VITAMIN B IN QUAKER OATS FOR HELPING CHILDREN KEEP FIT. HOW NERVOUSNESS, LOSS OF APPETITE AND CONSTIPATION RESULT WHEN YOUNGSTERS DON'T GET THIS VITAMIN
I WAS ASTONISHED TO FIND QUAKER OATS SO RICH IN VITAMIN B FOR KEEPING FIT. SINCE THEN, WE ALL EAT IT EVERY DAY. IT HAS MADE A WORLD OF DIFFERENCE—I'M EVER SO GRATEFUL FOR YOUR ADVICE!
M-27

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Sino-British Cultural Association Building at Nanking Formally Opened

The formal opening of the new building of the Sino-British Cultural Association, 69 Peiping Road, Nanking, took place Feb. 11, with a reception which was attended by members from Shanghai, Hangchow, Wuhu, Anking and Tientsin, who came especially for the occasion. Speeches appropriate to the occasion were delivered by the Chinese and British presidents, Dr. Wang Shih-chieh and Sir Hughe Knatchball-Hugessen. Following the speeches, tea was served.

Dr. Wang in his speech expressed thanks to the Board of Trustees for the Administration of the British Indemnity Funds for its grant of $30,000. Both the Ministry of Foreign Affairs and the Ministry of Education also helped the construction of the building by making grants. The British Council, through the efforts of W. S. King, had contributed considerably towards the furnishing of the building, and the Federation of British Industries, through the good offices of R. Calder-Marshall, had also donated useful gifts. The planning of the construction was taken care of by a committee of five which comprises Messrs. Shi Yin, Chang Tao-fan, A. P. Blunt, Cheng Tien-hsi, and Han Lih-wu. A housing committee consisting of Messrs. Chang Pin Chuin, K. Cantlie, and Prideaux-Brune was responsible for the supervision of the work.

Sir Hughe in replying said he to would be very happy indeed if his time in China turned out to be even half as useful in cementing friendship and understanding between the two countries as the Association's building would be. Sir Hughe also said: "I think it is a particularly happy choice which decided upon a building of English architecture and, in particular, an Elizabethan building. Here we are in China and the idea of the Association is to connect Chinese and British ideas. It is necessary to have to import into China the British side of the work. If a building of Chinese architecture had been put up, this object would not have been fully realized."

Upwards of 1,000,000 Persons Present at Eucharistic Congress

The Thirty-third International Eucharistic Congress which was held at Manila during four days (Feb. 3-7) was attended by a huge throng estimated variously at from 700,000 to one million persons. Delegates attended from all parts of the world.

Religious and civil authorities in Manila, headed by the Mayor, Juan Posadas, met the Papal Legate at the Admiral's landing and delivered addresses of welcome. When delivering the key to the city, Mayor Posadas said: "We wish we could use this to lock you in here." The Papal Legate was then driven to the Cathedral in the old Spanish walled city. On the way, the procession which following the Legate's carriage, paused at Postigo Gate, where he paid a tribute to the Filipino patriot, Jose Rizal.

The Congress was formally opened on Feb. 3 with the reading of the Papal Brief. The speech of welcome to the Papal Legate (Archbishop Dougherty) was made by Archbishop O'Doherty. Archbishop Reyes preached the sermon during the Women's General Communion Mass on the following day. The succeeding day was set apart as Men's Day, one of the features of which was a midnight mass celebrated by Archbishop O'Doherty, with Archbishop John J. Mitty of San Francisco preaching the sermon. Another mass was celebrated in the morning with Prefect Apostolic Martinez of Li Chun preaching the sermon. Bishop Francis X. Ford delivered the sermon during the Children's Mass on Feb. 6.

The Men's Day and Women's Day were taken up with indoor and outdoor masses and other religious ceremonies. Forty thousand children, including 400 Chinese, stood on the Luneta and took part in a special communion at dawn Feb. 6. One of the features of the mass was that nearly all of the participants, mostly dressed in white, carried identification tags so as to ensure their not getting lost. An open-air breakfast was served.

International Assembles were for the most part conducted in English and Spanish. A few speakers, however, were designated to give short talks in the dialects spoken in the Islands.

In the solemn procession of the Blessed Sacrament which marked the final day of the Congress flags of 52 nations fluttered above the liturgical division. Bishops, cardinals, businessmen, stenographers, senators and newsboys were among those who in a spirit of humility joined the devout march which proceeded along Manila's beautiful palm-fringed Dewey Boulevard. On the Luneta the pilgrims assembled to hear the personal blessing of the Pope, broadcast from Vatican City. Guards of honor picked from the Philippine Army, the Philippine Scouts, Boy Scouts and school cadets were stationed along the route of the procession. School units and student nurses were in uniform.

The procession was favored by clear weather. The women formed columns of twelve down the left lane of the boulevard, alongside the calm waters of Manila Bay, while the men walked in similar formation in the right lane. The groups of women included delegates from city and provincial parishes, school children, nuns, nurses and units of women pilgrims from other countries. A motorcycle escort led the men's column.

Aerial bombs summoned more than 150,000 pilgrims for the "Big Day" at seven o'clock in the morning, when the only morning services of the Congress were held. The sunrise glittered on the gilt Baldachino altar to which the dignitaries marched in procession from the sacristy while a seminarian choir of 700 trained voices joined in a chant.

Continuous streams of black veiled women and white clad men poured into the confluence of a half dozen avenues, leading more than 200,000 pilgrims who responded to the call to Mass, which was celebrated by the Papal Legate. The sight was one of the most impressive of the entire Congress.

Cardinal Dougherty delivered the Papal Benediction while the entire congregation knelt. The pilgrims then dispersed while 5,000 of the hierarchy and clergy converged on the altar for group photographs.

Delegates Pass Through Shanghai on Way Home

Upwards of a thousand delegates who had attended the 33rd International Eucharistic Conference in Manila passed through Shanghai during the week bound for their homes in the United States, Canada, South America and Europe.

The highest ranking dignitary to pass through Shanghai was Denis Cardinal Dougherty, Archbishop of Philadelphia, who was the Papal Legate at the Manila Congress. He had travelled from the United States to Manila via Europe. He visited the Pope in Vatican City and came to Manila as the special representative of the Pope's person at the Eucharistic Congress. A large dinner was held in his honor at Aurora University. Ecclesiastics of many nationalities were present as well as lay believers of the Catholic faith. These included P. H. Loh, a noted Chinese philanthropist who was recently decorated by the Pope and who is also a leader of Chinese Catholics.

An all English talkie entitled "The 26 Saints of Japan" was screened at the Catholic Circle Club at 260 Nanzing Road in the evening. The presentation was arranged by the Japanese Eucharistic Congressional Party. When Catholicism was first introduced into Japan a great many believers in the new faith lost their lives and this picture commemorates their sacrifice.

Joseph Scott, one of the delegates, while in Shanghai, said there was nothing in the way of organizing against Communism discussed at the Congress. Communism, as anti-religious, he said, was recognized as a danger, but there was little discussion on the subject.

News Notes from Canton

(By the Review's Canton Correspondent)

The Gambling Suppression Committee members were hosts to a group of local journalists at a recent luncheon. Huang Lin-sheng, secretary of the general affairs section of the Committee, welcomed the guests. Announcement of two new campaigns was made by Mr. Huang. One will be launched with the advent of the Chinese New Year in order to keep down gambling during the holidays. The second will be a publicity campaign directed to rural areas. Li Pak-ming, publisher of the *Chung Shan Jih Pao*, spoke for the guests and assured the Committee that the Canton newspapers would cooperate in the anti-gambling work.

Kongmoon now has a branch office of the Overseas Chinese Affairs Commission. The office was formerly opened on January 26 with Mak Kin-shek as director. Guidance to Overseas Chinese in regard to education problems and to investment in home industries will be included in the duties of the office.

General Huang Mu-sung has ordered the Departments of Civil Affairs and Reconstruction to submit reports on the recent Canton-Kowloon Railway and Canton-Kongmoon towboat disasters. He has also suggested that plans be formed for relief measures and compensations to be given to victims and their families.

March 1 will witness the opening of the Exhibition of Special Products of Kwangtung, Hunan, Kiangsi, and Hupeh provinces at the East Parade Ground here. A compound including show rooms and an amusement section has been erected and exhibits are to arrive not later than Feb. 15.

"The Sian revolt, though deplorable, was an acid test of the solidarilty of our government," said Mayor Tseng Yang-fu in an address to more than three thousand delegates to the joint weekly Memorial Meeting held in the Dr. Sun Yat-sen Memorial Hall on Feb. 1. In regard to the allegiance of Generals Huang Mu-sung and Yu Han-mow to the Central Government the Mayor said, "Their prompt and unhesitating action is as laudable as General Yu's previous efforts in helping to put the Southwest under the control of the Central Government." Rumors that General Huang was dangerously ill with liver trouble and that there had been no political improvement in Kwangtung were contradicted by the Mayor. In regard to the latter he pointed to the efficient government action against opium smoking and gambling. In conclusion the Mayor commented on the proposed development of Kwangtung in the lines of transportation, industry, and agriculture and the strengthening of China's military defense.

Signor Guiseppe Ros, new Italian Consul General in Canton, began official work on Feb. 8 at the Consulate in Tungshan. Local papers have circulated reports that Signor Ros who has the civilian title of Commander is an admiral appointed as acting consul. These reports are unfounded.

Lui Pui-hung, the Kwangsi Education Commissioner, has returned to Nanning after a world tour. During his travels Mr. Lui investigated methods of rural village education in Japan, America, Europe, the Philippines and Malaya. The system of rural education in Denmark and the agricultural and mining developments in the Philippines impressed Mr. Lui in such a way that he considers them as useful examples for work in Kwangsi.

General Huang Mu-sung, chairman of the Kwangtung Provincial Government, returned recently from Chung-fa where he had been recuperating from illness. On Feb. 11 he left for Nanking with other officials to attend the 3rd Plenary session of the C.E.C.

Chinese Lunar New Year climaxed a period of rush business in Canton. Preparations for the annual festival had been on a grand scale and business districts were continually crowded and in many cases made vehicular traffic impossible. With the arrival of the actual celebrations shops began a three to five day holiday. Newspapers either ceased publication entirely or combined and printed small editions. Banks and business firms in Shameen also closed their doors. The Customs office and the Post Office as well as some of the schools and universities continued as usual despite the general holiday celebrations.

Canton, Feb. 13, 1937.

Ex-Judge Milton D. Purdy Dies in Honolulu at Age of 71

The death occurred in Honolulu, Feb. 13, at the age of 71 of Milton Dwight Purdy, Judge of the U.S. Court for China from 1924 to 1934. Judge Purdy at the time of his appointment was a resident of Minneapolis, Minn. He was born in Mogadore, Ohio, in 1886, and graduated from the University of Michigan in 1891, taking the A.B. in that year and his L.L.B. twelve months later. He was admitted to the bar the same year. Judge Purdy married Miss Belle M. Morin in 1893 and their only child was Mrs. W. R. Johnson, also a former Shanghai resident. Mrs. Purdy died suddenly in 1932 on hearing that her husband had contracted cholera.

Judge Purdy began his career as assistant City Attorney in Minneapolis, a position which he held from 1893 to 1897. The following year he served as assistant County Attorney for Hennepin County, Minnesota, and as assistant United States Attorney from 1898 to 1901. After becoming United States Attorney in 1901, he served as Assistant Attorney General of the United States from April 1, 1903 to July 27, 1905. He was U. S. District Judge of the District of Minnesota, in 1908 and 1909, resigning in May of the latter year. He became assistant to the U.S. Attorney-General again in 1922, which appointment he held until being sent to China in 1924. Judge Purdy retired from the U.S. Court in China in February, 1934, when he was succeeded by Judge Milton J. Helmick. The U. S. Court for China suspended business for one day in memory of Judge Purdy. Judge Helmick is at present in Canton.

Wife of Japanese Pawn Shop Owner in Hankow Brutally Attacked with a Cleaver

Mrs. Tsune Ozaki, the wife of a Japanese pawn shop owner in the Hankow Japanese Concession, was taken to the Dojin Kai Hospital in Hankow on the night of Feb. 13 following a brutal attack upon her with a cleaver by an unknown assailant. Mrs. Ozaki was found lying unconscious in a pool of blood in her home. She had been slashed about the head, face and neck and was bleeding profusely from six wounds. The assailant apparently did not steal anything.

Japanese concession police later took into custody a Chinese charged with having attacked Mrs. Ozaki with a meat cleaver. The man, who gave his name as Lei I-hsiang, is alleged by the Japanese authorities to have confessed. The motive for the attack, he is reported to have said, was his victim's refusal to loan him a sum which he considered reasonable.

Dr. Franklin Ho Says China's Productive Economy Still Lingers in Medieval Stage

Dr. Franklin L. Ho, Director of the Political Affairs Department of the Executive Yuan and for many years Director of the Institute of Economics of Nankai University, told the Nanking Y's Men Club at its weekly meeting in Nanking Feb. 9 that the fundamental cause of the economic ills of China lies in the fact that her productive economy still lingers in the medieval stage, while her consumptive economy has entered into the 20th century. On top of that China's economic development during the last sixty or seventy years had been in progress on an irrational basis. He metioned the fact that very few Chinese products are marketed on a national basis. The lack of transportation facilities, in his opinion, also accounted for such a deplorable situation.

Elaborating on the point that handicraft indjustry still flourishes in China, Dr. Ho pointed out that even in the cotton textile industry, which is China's foremost modern industry, four-fifths of cotton cloth turned out in this country is made by hand.

Shanghai-Nagasaki Cable Service Interrupted —Chinese Telegraph Service Used

Service on the Shanghai-Nagasaki cable of the Japanese Ministry of Communications was interrupted from 4.45 o'clock p.m. Feb. 13 at a point 80 miles off Woosung, according to an announcement issued by the local Japanese Telegraph Office. A repair ship of the Ministry left Nagasaki the following morning to look for the damaged portion of the cable. The Japanese Telegraph Office announced that it would transmit Japanese telegrams through the facilities of the Chinese telegraph service.

Founding of Canton Municipality Celebrated

Canton was bedecked with flags Feb. 15 in celebration of the anniversary of the founding of the Canton Municipality. A holiday was declared by all municipal bureaus in the city. Canton was the first city of China which gained the status of a municipality under the jurisdiction of the Executive Yuan in 1930. In 1932 the city was transferred to the administration of the Kwangtung Provincial Government.

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Germany's Demand for Colonies Aired in House of Commons

Germany's demand for the return of her former colonies figured largely in the House of Commons Feb. 15, when the Government was bombarded with questions on the subject. A Conservative member asked whether Foreign Secretary Eden could not announce the result of the negotiations last week between Lord Halifax, the acting Foreign Secretary, and Herr Joachim von Ribbentrop, the German Ambassador in London. He requested an undertaking that there would be no return of Colonies, or an offer of overseas commercial opportunities, to Germany without a debate in the House.

On behalf of Mr. Eden, absent on holiday, Viscount Cranborne, Under-Secretary for Foreign Affairs, said the recent conversations between Lord Halifax and Herr von Ribbentrop were in no sense negotiations but merely an exchange of views on a number of topics of interest to the two countries. He referred to Stanley Baldwin's statement on April 27, when the Prime Minister emphasized that the Government was not considering the question.

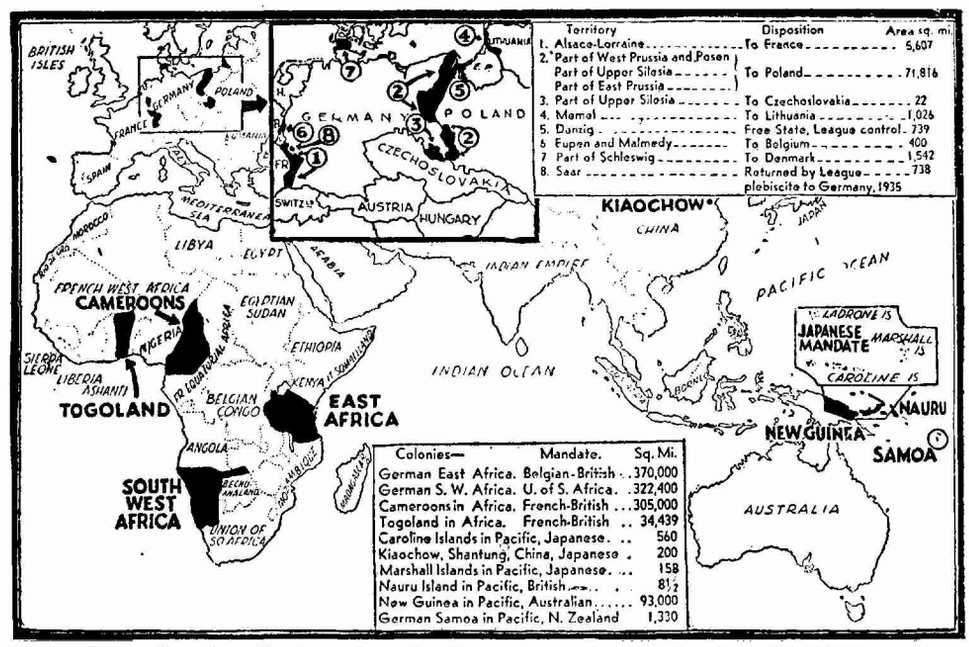
Another Conservative member asked the Foreign Secretary whether, to dispel ill-founded German expectancy, he would state in unmistakable terms that the Government could not contemplate the cession to Nazi Germany of any territory whatsoever under British political control. Viscount Cranborne replied that, as previously stated, the Government had not considered, and was not considering, such a problem.

"Are not discussions in fact proceeding?"

Viscount Cranborne: "It is inherent in my answer that the matter has not been considered and is not being considered."

An Opposition Liberal member asked whether newspaper reports in connection with the matter were unfounded.

Viscount Cranborne: "Yes."



Maps Showing Territory Lost by Germany as the Result of the World War.

"Pravda" Discusses Possible Loan to Germany

Discussing the visit of the British Trade Minister, Mr. Runciman to the U.S., Moscow *Pravda* Feb. 13 commented: "The subject discussed in Washington was the offering to Germany of a joint Anglo-American loan of 500 million dollars. The influential circles of English finance and capital with their tremendous amount of frozen credits in Germany continue to subsidize the Hitlerian regime. Their attempts now to draw the American milliardaires into this evidently were not very successful."

"Neither Great Britain nor France will cede territory in Africa or anywhere else," declared M. Berenger, president of the Foreign Affairs Committee of the French Senate, in a newspaper article published in Paris Feb. 13.

The New York *World-Telegram* said Feb. 10 that, in spite of official denials, it is persistently reported in Wall Street that Great Britain and France have sounded President Roosevelt regarding a proposal for a joint loan to Germany on condition that Germany curtails her armament program.

Britain Will Raise Huge Defense Loan

Great Britain's determination to build up her fighting strength was made clear in the House of Commons Feb. 11 when the Chancellor of the Exchequer, Neville Chamberlain, announced an impending national defense loan of a maximum amount of £400,000,000 over five years. The announcement, which took the House by surprise, was made in reply to a question by M C. R. Attlee, leader of the Labor Opposition, about the financing of defence expenditure.

Mr. Chamberlain said the Government proposed forthwith to introduce a bill authorizing the raising of capital, or alternatively the use of any realized budget surpluses, for defense purposes—the total amount so raised not to exceed £400,000,000 over five years. Provision would be made annually in the defense votes for interest on the debt and also, after the end of the borrowing period for redemption of the loan within thirty years.

Italy Formally Accused of Intervention in Spain

Formal charges against Italy, which is accused of direct intervention in the Spanish civil war, were contained in a resolution unanimously adopted by the Spanish Government Feb. 10. The resolution stated that one of the main causes for the fall of Malaga was the co-operation of Italian warships with the insurgent fleet. On the eve of the battle for the seaport, the resolution asserted, two Italian battleships appeared off the coast and maneuvred so as to prevent Spanish Government warships reaching Malaga from Cartagena. The allegations made by the Spanish Government followed reports that 16,000 troops, sent for service with the rebels, were landed in Cadiz last week.

While the insurgent forces spoke of a "final battle for Madrid," the Spanish Government Feb. 13 called for a big push to drive off the Nationalists pressing on the capital. Demand for a general mobilization has been made by the defenders of Madrid, who declare that the loss of Malaga must not be allowed to demoralize the loyalists. However, the situation in Madrid has become desperate, at least for the civilian population.

Manchukuo's Trade Balance Unfavorable to the Tune of Yuan 107,000,000

The monthly returns of trade for October issued by the Manchukuo Customs show that during 10 months of 1936 the total imports were Yuan 1,563,813,935 and the export Yuan 457,917,104, thus making the excess of imports Yuan 107,896,831. Exports to China ranked next to those sent to Japan, German falling well below Korea during the period under review. Moreover the figures for Germany's trade—exports Yuan 36,736,005, imports Yuan 11,536,236—fall far short of the standard set by the trade agreemens signed in Tokyo, April 30, 1936, according to which the figuret should have been—exports Yuan 54,167,000 to Yuan 83,330,000 and Imports Yuan 13,543,000 to Yuan 20,830,000. Trade with the United States of America showed a slight decrease, imports being Yuan 19,038,097 and exports only Yuan 14,367,854.

Large Manchu-Korean Power Firm to Be Formed This Month

The Yalu River Hydroelectric Company, Ltd., a Manchukuo-Korean joint concern, will be formed before the end of this month, it was announced in Hsinking Feb. 14. The Yen 50,000,000 capital of the new firm will be subscribed in equal shares by investors in the two countries. The power will be distributed in the new Empire by the Semi-official Manchuria Electric Company.

250 Japanese Families to Leave for Manchuria Feb. 23

Coming in the van of a vast army of 1,000,000 households, which will be settled in Manchukuo in the next 20 years, 250 families will leave Niigata on Feb. 23, Japan, on the s.s. *Niigata Maru*. The group, given financial and material aid by the Governments of Japan and Manchukuo, will settle in Mutankiang and other districts along the Harbin-Suifenho Railway, close to the Soviet border. Another batch, comprising 560 families, will leave Japan for the new Empire on March 7. They will also be settled in eastern Manchukuo.

The Overseas Affairs Ministry Feb. 10 decided to decline Finance Minister Yuki's request to slash the Yen 4,980,000 appropriation for the encouragement of emigration to Manchuria during the coming year, on the ground that it formed the most important item in the list of projects planned by the Ministry.

Details of Japan's colonization scheme for Manchuria were printed on page 363 of the Feb. 13 issue of *The Review*.

New Japanese Textile Concern to Operate in North China

Inauguration ceremonies of the Tientsin Spinning Company, Ltd., a Japanese firm capitalized at Yen 5,000,000, will be held in Tokyo Feb. 20. The paid-up capital of the new concern totalling Yen 2,000,000, will be put up by the Itochu Shokai of Osaka and the Oriental Development Company. The latter firm owns the Paocheng Mills in Tientsin with an installation of 27,000 spindles. The Tientsin Spinning Company is expected to borrow about Yen 7,000,000 next year to increase the installation to 40,000 spindles and 3,000 weaving machines. The Yuta Mills, capitalized at $4,000,000, operated by the Itochu firm on behalf of its Chinese owners, probably will be incorporated in the new firm.

Japanese Flour Firm to Open Mill in Tsinan

Establishment of a large flour mill in Tsinan next month was announced Feb. 14 by the Mitsuyoshi Flour Manufacturing Company. The concern, which is jointly managed by the Mitsui Bussan Kaisha, the Nippon Flour Manufacturing Company and the Takahashi and Company, has already purchased a mill formerly owned by the Manchurian Flour Manufacturing Company.

Plans for Special Organization in North China in Full Swing

Plans to establish a special regime in North China were discussed at a meeting of the Japanese in Tientsin Feb. 13. The *Sin Wen Pao* says the meeting was attended by representatives of the Kwantung Army, the Manchukuo Government and Yin Ju-keng, head of the puppet regime in Eastern Hopei.

Thirty Smuggling Firms in Tientsin Closed

Unable to withstand the losses caused by the oversupply of smuggled goods on the market, more than 30 smuggling firms disguised as "trading companies" were closed in Tientsin during the last two weeks. Large quantities of contraband, it was reported, were sold at prices below cost before the Lunar New Year holidays.

Japanese to Join International Consortium to Finance Gold Mining in North China?

Discussions of possible Japanese participation in an international consortium for the financing of gold mining operation in North China took place in Tokyo this week between interests represented by Serge Rubenstein, banker of Paris and London, and a Japanese group formed by the late Viscount Kyoshiro Inoue. Accompanying Mr. Rubenstein is Jules Gilbert, who is in charge of the French interests in the Chosen Corporation as a director of the Franco-Asiatic Bank.

According to Mr. Rubenstein, managing-direct of the Chosen Corporation in London and of the Franco-Asiatic Bank in Paris, his interests own five of the most productive gold mines in Korea, employing approximately 3,000 men.

Mr. Rubenstein received considerable publicity several weeks ago when an artiste from Ciro's (Miss Gloria Seiter) in Shanghai accompanied him to Japan.

Apart from Korea, where four mines are in operation, the Chosen Corporation is also represented in North China and Manchukuo. Mr. Rubenstein made a tour of his company's holdings on the peninsula this week. He told reporters he would probably proceed to Shanghai, from where he would fly to London.

Japanese to Exploit Gold Deposits in Shantung

It is reported from Hwanghsien, Shantung, that the Japanese interests are beginning to exploit the gold deposits in the mountains almost directly south of said city. Mines at said location were opened several years ago in cooperation with foreign interests, but the output was not satisfactory. Now it is reported that Japanese interests are going to take over the mine, and have built a motor road from Chao Yuan up the side of the mountain to the site.

Japanese Rear Admiral Discusses "American Psychology"

Rear-Admiral Gumpei Sekine, former chief of the press section of the Japanese Navy Ministry, pointed to the "vast trans-Pacific program" of the United States as an example of the "American psychology" operating in the current treatyless period, in a speech before the East Asia Research Council at Tokyo last week.

"Britain may say it has serious interests in the Far East, but there is a limit to its operations. America, however, is steadily following a policy of interfering in Far East affairs," the speaker declared. "The American psychology was shown most vividly in its attitude during the Manchurian incident. Just now the United States is building warships under a vast trans-Pacific program. It plans to build a Nicaraguan canal and new or bigger air bases in Alaska, Hawaii and some of the South Pacific Islands."

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SHANGHAI

Too Tired To Carry-On.

Nervous exhaustion often besets young girls just when they should be able to get full enjoyment out of life.

The reason can be summed up in one word—anaemia. When the blood is impoverished the whole system is starved which results in a general weakening of all the vital forces of the body.

Anaemic Sufferers Need good rich red blood, and as a blood enricher and purifier there is nothing to surpass Dr. Williams' Pink Pills.

"At one time I never knew what it was to feel really well", states Miss. W. Harvey, 13, Wreakin Place, Sheffield, England. "I seemed to be always ailing, I had no appetite and felt languid and listless. I was very anaemic and my nerves were in a shocking state. I felt depressed and miserable, and I could not sleep at night. After I began to take Dr. Williams' Pink Pills I soon ate and slept better and as I continued with this remedy my health improved enormously and before long I was perfectly fit."

Give your blood the iron it needs and ailments caused by lack of it will quickly disappear. Dr. Williams' Pink Pills contain iron in a form easily assimilated by the blood which explains why they have proved so successful in combating ailments due to weak, impure blood such as digestive disorders, nerve troubles, rheumatism and its kindred ailments, pallor, loss of weight, and the aches and pains peculiar to women. From all chemists you can obtain the world's most famous blood and nerve tonic,

Dr. Williams' Pink Pills.

79-467

Voroshiloff and Stalin Appear Side by Side at Pushkin Celebration

Joseph Stalin, Secretary-General of the Communist Party and ruler of Soviet Russia, appeared at the Pushkin celebrations in the Bolshoi Theater in Moscow Feb. 11 side by side with Marshal Voroshiloff, People's Commissar for War. This (according to *Reuter*) was regarded as evidence dispelling reports of disunity between Stalin and the Red Army, which had been freely circulating abroad recently. One of said reports alleged that Voroshiloff had "disappeared" and had probably been arrested. Marshals Yegoroff and Budenny were also present at the celebrations.

KLIM VOROSHILOFF
Komissar for Military Preparation and Marshal in the U.S.S.R.

Most of the reports concerning the dissensions in Soviet Russia were circulated by the German *Trans Ocean* service which in a message from Moscow Feb. 8 had stated that uninterrupted arrests and persistent rumors regarding the serious conflict between Voroshiloff continued to be the main topics of discussion in diplomatic and journalistic circles Moscow.

MIHAIL NIKOLAEVICH TUHACHEVSKY
Marshal, and Assistant to Voroshiloff

The semi-official *Pravda* was quoted as admitting that recent reports of a thorough purge in the Soviet Ukraine were only too true. The paper declared that chiefs of local Communist party organizations in Kiev, Propetovsk and Rostov, had been dismissed from their posts for "gravely neglecting their duties" as they failed to discover the plots of the Trotsky adherents in the territory under their control. *Pravda* confirmed the fact that the chief of the Ukrainian party organization, Comrade Lioff, who was supposed to enjoy Stalin's special confidence, had also been suspended from his position.

Russians Celebrate Fifteenth Anniversary of Freeing of Far Eastern Territory

A telegram from Khabarovsk stated that the celebrations of the fifteenth anniversary of the taking of the Volochayevka fortifications in the Far East on the Feb. 12, turned into a grand holiday of the entire population. Delegates from collective farms, Red Army and public organizations, war veterans and former partisans of the Peoples Revolutionary Army assembled at Volochayevka, the site of the historic battles. Following the meeting held at the common grave of the heroes, a thronged ceremonial meeting was held at which the participants of the Volochahyevka battles recounted their reminiscenses. The meeting concluded with a grand concert.

Moscow *Pravda* editorially commented: "Fifteen years ago a heroic epic was displayed near the shores of the Pacific and in the vast spaces of the Far East. Under the guidance of the Bolshevist Party the toilers were freeing the Far Eastern Territory from the gang of Russian white guards and Japanese usurpers. The days of the Volochyevka battles became legendary. Inaccessible Volochayevka, surrounded on all sides by barbed wire, was the principal strategical junction of the white guards, the key to Khabarovsk and the last stake of counter-revolution. During 48 hours, day and night, under severe frosts the red units fought heroically for Volochayevka heights and won the battle. The toilers of the Far East will never forget the days of the Japanese intervention. The immortal exploits of the heroes of the Volochayevka battles are echoed in the exploits of the workers and peasants on the front of Socialist construction. The Far East now is transformed into a flourishing territory. In the thick forests and taiga the new industrial town of Komsomolsk has sprung up, and the entire territory has achieved tremendous successes in economic and cultural upbuilding."

Pushkin Centenary Celebrated in Nanking and in Shanghai

More than 1,000 persons, including members of the Russian community, crowded the New Capital Theatre in Nanking Feb. 9 to pay their tribute to Alexsander S. Pushkin, Russia's greatest poet, on the occasion of the centenary of his death anniversary.

In the absence of Sun Fo, President of the Legislative Yuan, who is President of the Sino-Soviet Cultural Relations Association, Liang Han-tsao, Secretary-General of the Yuan, presided at the meeting. He dwelt at length on the significance of the occasion and paid a tribute to Pushkin's contributions to the literary world.

Chang Hsi-man, member of the Executive Board of the Association, spoke on the life of the immartal Russian poet. M. I. Spilvanek, Counseller of the Soviet Embassy and concurrently Consul-General in Shanghai, also spoke. M. P. G. Saratovtzeff, Chief of the Press Section of the Soviet Embassy. recited one of Pushkin's verses in the Russian language, The meeting was rounded out by the showing of a film version of "Dubrovsky," one of Pushkin's outstanding prose works.

A similar service in memory of Pushkin was held in Shanghai Feb. 10, by the Sino-Soviet Cultural Society (Shanghai Branch) at the Isis Theatre. The first part of the service was devoted to addresses of respect to Pushkin. Dr. J. Usang Ly, President of Chiao-tung University, who is concurrently President of the Branch, acted as Chairman. In the course of an address Dr. Usang Ly said: "The cultural developments in the different countries may be different, but they are not incapable of spreading and fusing with each other. This means that with the development of communication and transport the development of culture transcends national boundary lines, not only posisbly, but even rapidly. For instance, culture developed quite early in Asia. From Asia it spread to Europe, thence to America. In recent times, the new culture in Europe and America also spread to Asia and now particularly our country, the Republic of China, thus forming the civilized world that we know today. The essence of Pushkin's literary heritage, as I understand it, consists of two elements, the search for truth and advocacy for revolution. His works gave rise one of the remote reasons for the success of the Russian Revolution and influenced the development of democracy in other countries. His spirit is to last forever in this world. We, who participate in the ceremony here today, should revere him who set to mankind so admirable an example and we should do our best to render services in the development of culture to our country and the world."

Necessity of a "State Medicine" System Emphasized by Dr. P. Z. King

Dr. P. Z. King, deputy director of the Central Field Health Station and concurrently senior technical expert of the National Health Administration, in a recent radio broadcast from Nanking said that in a vast country like China, where the economic status of her people is low, where a majority of the masses are uneducated and where medical science is not sufficiently extensively developed, the most expedient way to safeguard public health is to institute a "State Medicine" system. No greater service, in the view of Dr. King, can the Chinese government do for its people than to introduce the "State Medicine" system whereby a minutely-supervised, carefully-planned and officiently-organized state medical service is put into effect.

Dr. King said that the "State Medicine" system is based on the following five principles:

(1) Medical enterprises should be undertaken by the government, (2) Medical expenses should be defrayed by the National Treasury so that the people may enjoy free medical attention, (3) Curative and preventive work should be simultaneously launched, with particular attention on preventive work, (4) The administrative and planning work should be concentrated in the hands of the national, or the provincial and municipal health administrations. But certain medical duties should be assigned to the local health organs in order that those in the inland may be benefited by the medical service, and (5) The district should be taken as a unit. Each unit should at least have a health administration, a health station and a sub-station.

In addition, Dr. King favored the assignment of health agents to each district.

Reconstruction in Fukien

BY THE REVIEW'S FOOCHOW CORRESPONDENT

The Fukien Provincial Government is dedicated to reconstructive work. The government aims to bring about commercial prosperity and rural recovery, to promote industrial growth, to facilitate means of communication. Two bureaus, Bureau of Agriculture and Foresty and Bureau of Commerce and Industry, are established for respective charge of agricultural, commercial and industrial affairs. A trading company, with the capital of $1,000,000, will be set up, its shares being jointly held by the government and merchants. To meet new expenditure and to cope with the new situation arising from expansion of trade, the government decides to issue short-term bonds of $500,000 and to increase the capital of the Fukien Provincial Bank (whose paid-up capital amounts to $500,000) to a million. The government also floats a loan of $720,000 for development of electric enterprises in various districts.

The Bureau of Reconstruction determines to complete, at the end of this year, the network of motor roads in Fukien. The road from Kienao to Kutien will be completed in six months while the road connecting Kutien and Foochow, about 260 kilometers, is being built (Kienao and Kutien are two North Fukien districts). The expenses for erection approximate a million six hundred thousand dollars. Eighteen iron bridges are projected to be built in North and South Fukien. Six of them, three in North Fukien and another three in South Fukien, may be completed in this year.

Tea has been a chief export of Fukien to foreign countries, but lately the tea trade is declining. The government now takes steps to develop the trade and promulgate regulations for control of tea-exportation.

Manganese Ores Found in Huashan (Amoy)

Upon the report about discovery of manganese ores in Huashan, Amoy, the Bureau of Reconstruction despatches Chen Kao, mining engineer, to the spot for study and investigation. In the words of Engineer Chen there are three kinds of manganese ores, namely, pyrolusite, braunite, and manganese spar. Braunite is indispensable to development of military. The ores discovered in Huashan mines are braunite mixed with zinc. As Huashan is easy of access, the prospects of development of manganese mines are bright.

The government decides, first, to make a survey and, then, to develop the mines. Meanwhile, it submits a lengthy report to Nanking.

Several laborers, Lu Tsang Cheng and others, are said to have been financed by certain nationals to dig up the mines by stealth. These laborers have been imprisoned and tried.

Chairman Chen Yi's Flight to Nanking

Chen Yi, Chairman of Fukien Provincial Government, starts for Nanking on Feb. 7 to attend the Third Plenary Session. He and his wife go by airplane but his retinue go first by steamer. Li Sz-lin, mayor of Amoy, follows Chairman Chen to Nanking to report diplomatic affairs in Amoy.

Reported Reshuffle of Fukien Provincial Government

From semi-official sources, it is learned that Hsu Shih-ying, Chinese ambassador to Japan, will be appointed as Chairman of Fukien Provincial Government. Mr. Hsu, as we know, was the civil governor of Fukien about twenty years ago. Another report has it that Chu Shao Liang, formerly Chairman of Kansu Provincial Government, will be appointed as the Chairman of Fukien.

"Go to Hainan Island"—A Slogan of Overseas Chinese

The plan of developing the economic resources of Hainan Island has been carefully drafted by Hwang Chiang, Director of Political Affairs in the Island, and tendered to the National Economic Council for approval. A sum of ten million will be raised for the purpose of development.

With a view to building a model village in Haikow, an important town of the Island, some overseas Chinese attempt to purchase 2,400 mow of land from the government. They form a planning committee and issue a manifesto to arouse the attention of their fellow overseas Chinese. In the manifesto, they first quote the saying of William II, ex-Kaiser of Germany, that no empire could be great without a colony in the tropical zone. They go on to stress the development of Hainan Island, a place situated in the tropical zone. Finally, they solicit the settlement of overseas Chinese in the model village.

Chinese No Longer Taught in Formosan Schools

Though not a required subject, Chinese has been taught in the Formosan public schools. It is ruled by the Viceroy of Formosa that from January 15, 1937, Chinese should not be taught in Formosan schools.

February 6, 1937.

"Me first."

The Children's Choice!

Children, as a rule, object strongly to medicine, and it is in no small measure due to the fact that Baby's Own Tablets are pleasant in taste that they enjoy an ever increasing reputation in homes where there are children.

"My little ones call them little candies and will not take any other," writes a Canadian mother, Mrs. Adkins, 303, Shaw Street, Toronto.

Their pleasant taste is but one of several features which make Baby's Own Tablets the ideal health corrective for infants and young children. The tablets are readily crushed to powder and are therefore easy to give; accuracy of dosage is assured by the form in which they are put up. They are the prescription of an eminent medical child specialist.

The tablets have a mild laxative action and gently dispel constipation, sweeten the stomach, aid digestion, relieve colds, expel worms. They are of special merit during the teething period, settling the stomach, easing the pains and inducing sound health-giving sleep. Obtainable from chemists.

A BOON TO MOTHERS — BABY'S OWN TABLETS (D^R WILLIAMS) — KEEP CHILDREN WELL

In the United States Court for China

In re.	Cause No. 4163
Last Will & Testament	Special Proceedings No. 2042
of	NOTICE
WILLIAM WIRT LOCKWOOD	Filed at Shanghai, China January 21, 1937
Deceased	WILLIAM T. COLLINS, Clerk.
	L. T. Kenake, Asst. clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of WILLIAM WIRT LOCKWOOD, deceased, to present the same with vouchers to the undersigned on or before July 30, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

MRS. WILLIAM WIRT LOCKWOOD
c/o Dr. H. C. MEI,
190 Peking Road
Shanghai.

Shanghai, China.

Through Air Traffic Between China and U. S. to Start March 17

Preparations having been completed, through air traffic between China and America via Hongkong and Manila will be inaugurated by the China National Aviation Corporation and the Pan-American Airways on March 17. With San Francisco as the starting point, the Pan-American airplanes will touch at Honolulu, Midway Island, Wake Island, Manila, and Hongkong, the trip covering a distance of 15,465 kilometers. The C.N.A.C. airplanes will relay passengers and mail between Hongkong and Shanghai.

On March 16, a Pan-American airplane will arrive at Hongkong from Manila to link up with a C.N.A.C. airplane which will reach the British Colony simultaneously. Leaving Hongkong the following day, the Pan-American airplane will take six days for the return journey to San Francisco. A weekly service will be maintained regularly.

The China National Aviation Corporation has ordered from America a giant Sikorsky hydroplane, which is expected to reach Shanghai Feb. 16; it will accommodate 18 passengers and four pilots and will have a speed of 270 kilometers an hour.

China National Aviation Corp. Makes Steady Progress

A recent statement by Dai Enki, managing director of the China National Aviation Corporation, called attention to the fact that the results envisaged for the year 1936 by the Corporation were not only fulfilled in the steady increase in passenger, air-mail and air-freight traffic compared to the year 1935, which had previously been the record year in the history of C.N.A.C., but far exceeded the expectation of the corporation. The progress in four years is illustrated by a comparison with 1932. In that year the Corporation's aircraft were flying only one air-route of 1,691 scheduled kilometers and since then it has continued to open and develop new air-routes, so that by 1936 C.N.A.C.'s flying equipment made scheduled flights over no less than four air-routes, covering a distance of 5,280 kilometers. In regard to kilometers flown, in 1932 C.N.A.C.'s aircraft flew 694,143 kilometers while in 1936 the kilometers flown had risen to 2,466,477. In the matter of passenger kilometers flown, 1932 produced 1,247,808 passenger kilometers and 1936 some 12,006,944. The number of passengers carried has risen from 3,153 to 18,567 during the same period. From 1929, the year when the Corporation commenced business, to the end of 1936 the total number of passengers carried by C.N.A.C. was 46,383. In the same period C.N.A.C. has flown 3,917,950 kilometers and 25,110,003 passenger kilometers.

Canton-Peiping Line to Be Reopened by Eurasia Aviation Co.

The *Shanghai Sunday Times* Nov. 13 stated that further impetus to air travel in China and an important contribution to the importance of Hongkong as a terminal for air services is expected shortly with the reopening of the Canton-Peiping flight by Eurasia Aviation Company. Though the final decision has not yet been made to reopen the line, which was suspended some time ago, more giant Junkers planes have been ordered from Germany and one of these will arrive late this month. R. Walter, technical manager for Eurasia, stated that if the Peiping-Canton service was reopened, permission would undoubtedly be sought of the Hongkong Government to land at Kai Tak Airdrome, thus connecting with the Pan-American clippers for America and Imperial Airways for Europe.

Soviet Airman Will Try to Blaze New Arctic Air Route

Feodor Farikh, one of the best known Soviet polar fliers, took off from Moscow, Feb. 9 on a flight to the frozen Arctic wastes. The flight, the second of its kind and the first under winter conditions, has for its object the establishment of a regular air line from Vladivostock to points along the Arctic coast. Farikh is flying from Moscow to Cape Wellen via Archangel, Cape Chelyuskin and Wrangel island, and is returning via Irkutsk and Novosibirsk.

C.N.A.C. Shanghai-Hankow Plane Now Leaves One Hour Earlier on Tuesdays

The Ford plane of the China National Aviation Corporation which previously departed from Shanghai for Hankow at 7 a.m. every Tuesday, advanced its departured to 6 a.m., commencing Feb. 16.

Shanghai-Sian Air Service Is Resumed

The Shanghai-Sian air service, which had been suspended since the outbreak of the Sian revolt, was resumed Feb. 9, when the westbound plane on the Shanghai-Kunming route of the Eurasia Aviation Corporation proceeded to Sian from Shanghai. After a brief stopover at the Shensi capital the plane continued its flight to Chengtu and Kunming.

Chinese Aviatrix Carries on Campaign to Make People Air-Minded

Miss Lee Ya-ching, popular Chinese aviatrix who came here from Yunnan on a round-the-country flying trip, flew to Peiping from Chengchow Feb. 12. Later she flew back to Shanghai and will proceed to Hankow and Canton as part of a campaign to make the Chinese people more air-minded.

Tientsin-Dairen Air Service to Open on March 1

The long-heralded passenger and airmail service between Tientsin and Dairen, operated by the Huitung Aviation Corporation, a sino-Japanese concern, will be formally inaugurated on March 1. With Dairen as its northern terminal, the new line will connect with the Dairen-Fukuoka air line.

Glider Demonstration to Be Held in Soochow

The Ministry of Communications has given permission to Li Ching-chung, managing-director of the Eurasia Aviation Corporation, to hold a public demonstration of a glider flight in Soochow in the near future. Ho Yi-hsing, who specialized in gliding in Germany, constructed two gliders last year and he hopes that the forthcoming demonstration in Soochow will help stimulate public interest in gliding in China.

Netherlands Indies Air Line to Be Linked with Philippines

Japanese dispatches state that the Netherlands Government has obtained the consent of the Philippines Government for linking the Dutch East Indies with the Philippines by air. As a result the Dutch Minister in Washington is now negotiating with the Philippines representative for conclusion of an agreement for development of commercial aviation between the two regions through the United States Government.

Percy Chen Gives Views on Industrialization of Kwangtung Province

An interesting account of his observations on the industrialization of Kwangtung and its reconstruction work, was given by Percy Chen, an adviser to the Nanking National Economic Council, when he was interviewed by a reporter of the *South China Morning Post* at the Hongkong Hotel Feb. 9. Percy Chen is the son of Eugene Chen, who was Foreign Minister of the Nanking Government in 1932.

Mr. Chen, among other things, said: "Countries in which industry is being developed face two great needs. The first is men for industry and the second is money for industry. When the State, as in Kwangtung, takes the lead in the development of industry, there are several other considerations that have to be taken care of. There is one great advantage which an industrially undeveloped country has over others, and that is it should profit by the mistakes of the other countries in carrying out its own industrialization. This should be exploited to the full. This presupposes that there are men at the head of Chinese industry who know or are trained to perceive what are the mistakes of other countries and what mistakes are therefore to be avoided.

"Besides being one of the richest provinces in China agriculturally, Kwangtung now possesses additional assets in the form of its young industry. It is fortunate also in its mineral resources, which is real wealth to be won from the earth and to be converted into value upon the basis of which its further industrialization can be carried out.

Unless the land question can be solved so as to enable the peasantry to stimulate the growth of industry by their need for manufactured commodities, industry must be based upon the profits of the winning of minerals which can be quickly turned into money.

It is interesting to note that like his father, Percy Chen also began his career as a lawyer. Since his call to the Bar of the Middle Temple, London, in 1922, he practised for several years in Trinidud, British West Indies. After his return to China he became head of the Administrative Department of the Ministry of Foreign Affairs of the Nationalist Government in 1927. For the last eight years Mr. Chen has resided in Europe, where he spent much of his time in Russia. There he was the only Chinese observing and investigating political, economic and cultural questions in Soviet Russia. From 1933 until he left to return to China a year ago, Mr. Chen was the representative in Soviet Russia for the General Motors Corporation, U.S.A.

It is learned that Mr. Chen will head a projected Institute of Public Affairs which will be organized in Nanking. The aims of the Institute will be "to study and analyze the current trends in public affairs in China and other countries, and to facilitate an exchange of experience in public affairs between the provinces of China."

"Foreigners Must Pay Income Tax," Nanking Urges

The Nanking Government will renew negotiations with the various foreign representatives in China regarding the payment of income tax by foreign firms in China, the *Shun Pao* of Feb. 8 stated. Vigorous protests have been received by the Chinese Government from Chinese merchants against the exemption of income tax on foreign firms.

Asiatic Labor Position Discussed at Geneva

Representatives of Asiatic powers at the Executive Board of the International Labor Office met in Geneva Feb. 5 to examine a report drafted by the Board and advocating the convocation of a conference of Asiatic countries, either in Tokyo or in Bombay, for the development of cooperation between the I.L.O. and its Asiatic members, as advocated by Indian and Japanese labor delegates.

3,000,000 Western Honanese in Need of Urgent Relief

BY THE REVIEW'S HANKOW CORRESPONDENT

HONANESE in the area south and west of Chengchow, have been suffering near-famine conditions, due to the severe drought of last summer. Reports tell of how the farmers living west of the Peking-Hankow Railway and south of the Lunghai Railway are in a very precarious situation. Other parts of Honan to the east of Kaifeng are also heavily hit. One recent report states that over 3,000,000 western Honanese, living in the districts around Loyang are in urgent need of help. It is hoped that there will be made available funds for buying seed for spring planting. Loans and work relief have also been suggested by the West Honan Relief Association in a telegraphic appeal to the Central Government.

Missionary organizations have been busy during the winter months distributing relief to the most urgent cases coming to their notice. Mission funds will be used increasingly during the next few months before the wheat harvest, which falls due in early June.

Hunan, Hupeh and Kiangsi Anti-Bandit Conference

Hupeh's new Director of Peace Preservation Corps, General Tin Pen-chuan, returned last Tuesday, Feb. 9, from the Hunan, Hupeh, and Kiangsi Anti-bandit Conference recently held at Pinghsiang, near Nanchang, Kiangsi. Leaders from the three provinces had met to discuss ways and means of exterminating the bandit trouble in their respective areas. The plans of General Chiang Kai-shek were accepted as the most suitable. General Tin in an interview with Governor Huang Shao-hsiung stated that he hoped to be able to clear the borders of bandits in the near future.

Narcotic Agent Shot in Hankow

The government is in dead earnest about the suppression of the narcotic evil, if the recent events in Hankow mean anything. Kung Mei-chan, aged 35 and a native of Honan, recently caught transporting narcotics on the Peiping-Hankow railway, was shot by a firing squad by order of the Wuhan Garrison Headquarters.

Governor Huan Shao-hsiung Leaves for Nanking

In order to represent Hupeh at the third plenary session of the C.E.C., Governor Huang Shao-hsiung of Hupeh left by airplane for Nanking the Feb. 9. During his absence Lu Chu, secretary general of the Hupeh Provincial government, will handle the affairs of the province.

1,500 Officials Attend Meet

Over 1,500 officials and members of the Hupeh Village Administration Training Institute listened to an address given on the last day of the old Chinese Year, Feb. 10, at Hankow by Meng Kwang-peng, Commissioner of Civil Affairs for the Hupeh Provincial Government. His lecture was on the subject: "Three Principles and Four Important Points for the Training of Citizens."

Talkies and Movies to Help Tangpu

Before the regular pictures are shown in the local theaters, the local Tangpu has requested the Propaganda Department to prepare motion pictures showing flag-raising and giving the Party hymn in talkies, in order to promote national consciouness and solidarity.

Hupeh to Take Part in National Exhibition

The Reconstruction Department of the Hupeh Provincial government is requesting factories and manufacturers to participate in the national exhibition organized by the National Economic Reconstruction Association. Products sent from this center will be exempt from freight charges. It is understood that most of the factories will comply with the request.

Mails to Szechuan Held Up by Low Water

The Post Office at Hankow has posted the following notice in the local press:

> "As the present period when small steamers are giving a very infrequent and irregular service on the Upper Yangtze, due to low water level, transportation of mails and parcels to and from the provinces of Kweiyang and Szechuan has been seriously affected. In order to maintain mail connections, the Hunan Director of Posts has been instructed to organize a Hunan-Kweichow motor truck route. During this low water period, light mails and parcels to and from Kweichow as well as parcels and registered express printed matter originally transported via Szechuan, are to be forwarded via Changsha. Mails to and from Szechuan may continue to be transported by steamer for the time being."

Shipping is still badly crippled and the exporters and importers are experiencing hard times. Trade is more or less at a standstill. However, the good crops last fall have had a wholesome effect on the whole area and most folks can stand a little inconvenience now and then. Chances for a flood in 1937 are extremely remote and that is something Hankowites are very much concerned about. That is a great relief.

Hankow, Feb. 15, 1937.

In the United States Court for China

In re.
Estate
of
FRANCIS F. STANLEY,
Deceased

Cause No. 4141
Special Proceedings
No. 2020
NOTICE
Filed at Shanghai, China,
January 30, 1937.
William T. Collins, Clerk.
L. T. Kenake, Asst. clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of FRANCIS F. STANLEY, deceased, to present the same with vouchers to the undersigned on or before August 6th, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

W. A. Reed, Administrator
c/o U. S. Court for China,
Shanghai, China.

Shanghai, China.

In the United States Court for China

In re.
the LAST WILL AND
TESTAMENT
of
HELEN STEINACHER,
Deceased.

Cause No. 4133
Special Proceedings
No. 2012
NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of HELEN STEINACHER, deceased, to present the same with vouchers to the undersigned on or before August 6th, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

W. C. Watson

c/o Franklin & Harrington,
149 Yuen Ming Yuen Road,
Shanghai, China.

"New Deal" Achievements Reviewed by Executive Yuan Secretary

Much has been accomplished in China during the past year when the "New Deal" was instituted by the Executive Yuan under the guidance of Gen. Chiang Kai-shek, declared Dr. Wong Wen-hao, the Secretary-General of the Executive Yuan, in an interview with the *Central News Agency* in Nanking, Feb. 14. Never before in the history of China, Dr. Wong continued, has the construction of new railways been proceeding at such a rapid pace. Other outstanding achievements he, mentioned, included the establishment of the Farm Credit Bureau, improvement of rice crops, opening of the China Vegetable Oil Refinery, formation of steel works, extension of long-distance telephone lines, reorganization of the China Merchants Steam Navigation Company, increase of the budget for promotion of free education, founding of the institute for training of district and municipal administrators, enforcement of legal tender policy, and the introduction of the income tax.

Fukien Seeks Improvement of Exports

The Fukien Provincial Government is planning to open a trade bureau as a means to improve the export trade of the province. Chen Ti-cheng, Commissioner of Finance, will be concurrently managing-director of the bureau.

Tungsten Ore Exports from Kwangtung to Hongkong Show Increase

Due to the large demand for tungsten ores in Hongkong for exportation abroad, more than 1,100 sacks of ores, valued at about $1,200,000, were shipped to the Colony from Canton last month. The market price of tungsten ore has increased from $83 to $92 per sack.

Antimony Merchants in Hunan Ask Modification of Monopoly

The antimony merchants in Hunan are agitating for a modification of the present state monopoly over the sales of the metal which was instituted in that province early in 1933 when the Hunan Provincial Antimony Sales office fixed its prices at $430 per ton. The present market price of antimony is about $500 per ton.

Kwangtung Trade Shows Unfavorable Balance

Foreign trade of Kwangtung during the month of December last year resulted in an unfavourable balance of $2,333,179, according to a report of the Customs released Feb. 11. The total of Kwangtung's imports during the month amounted to $11,694,872, against a total export of only $9,361,693.

Chinese Goods Exhibition Office to Be Established in Singapore

Plans are being made by the China Export Association and China Native Goods Production and Sales Union for the establishment of a Chinese goods exhibition office in Singapore. Fifteen Chinese factories in Shanghai have already signified their readiness to participate.

Chekiang to Develop Fishery Industry

Concrete measures will soon be taken by Chu Chia-hua, the new chairman of the Chekiang provincial government, to develop the fishery industry in said province as well as to improve the livelihood of the fishermen.

Irrigation by Electricity to Be Introduced in Nanking Area

About 70,000 mow of farm land around Chichiaoyung and Tsangpchen in the suburbs of the Nanking municipality and Kiangning Experimental Hsien are to be irrigated by means of electrical machinery, according to plans suggested by the National Rice Improvement Institute. All sluices, pumps and other machanical devices will be operated by electricity, which is to be supplied by the Metropolitan Electric Works.

Hunan Exported $18,000,000 Worth of Tung Oil in 1936

Hunan exported $18,000,000 worth of tung oil during 1936, according to Gen. Ho Chien, Chairman of the Hunan provincial government who arrived in Nanking from Hankow Feb. 12.

Gen. Ho also revealed that Hunan's rice crop reached a record yield last year.

Investigation Corps to Study Mineral Deposits in Chekiang

A mining investigation corps has been jointly organized by the Chekiang Provincial Government and the Academia Sinica to study the rich mineral deposits in said province.

China Seen as an Enormous Market for Germans

"China as Market for the German Industry" was the subject of an address by the German Commercial Attache in Nanking, Herr von Winterfeldt, before the China Association for the Study of Sino-German Economic Co-operation in Berlin Feb. 11. The speaker pointed out that, in view of its rapidly progressing political stabilization, China is becoming a market offering enormous prospects.

Yellow River Commission to Build New Railway

To facilitate water conservancy work in western Shantung a railway measuring about 100 kilometers in length will be built by the Yellow River Conservancy Commission to link Tungchuang with Lanfen in eastern Honan.

Nanking-Shanghai Railway Income Shows Increase

According to figures released by railway authorities in Shanghai Feb. 9 the total income of the Nanking-Shanghai, Shanghai-Hangchow-Ningpo Railways for the 25th fiscal year amounted to $20,491,161.51, showing an increase of $95,762.52 as compared with that of the previous year.

Lunghai Railway Line Loses More Than $10,000,000 Due to Sian Revolt

The Lunghai Railway suffered a loss of at least $10,000,000 as a result of the Sian revolt and the subsequent disruption of the service since Dec. 12 last year.

Feeder Line Planned in Honan Province

Among the latest projects of the Ministry of Railways in expanding the existing systems in the country is to provide the Peiping-Hankow Railway with a feeder line linking Hsuchang in central Honan with Yuhsien in the northwestern part of the province.

Highway Developments in South China

Survey of a highway leading northwards from the hot springs of Tsungfa, 65 miles north-east of Canton, to Yungyun, northern Kwangtung, passing through Sunfung (Chongning) having been completed, construction work will be started shortly under the auspices of the Kwangtung Provincial Department of Reconstruction. The projected road will be 100 miles long and is to be completed in six months.

The Canton-Nanning highway is scheduled to be opened sometime in April. Already the major sections of the line in both Kwangtung and Kwangsi have been completed and all that is left to be done is to link them together.

New Terminal Harbor for Lunghai Railway in North Kiangsu Is Completed

A recent *Central News* message from Hsuchow stated that the gigantic project of converting the bay between the island of Silientao and the mainland with the Lienyun harbor, which will eventually be the terminal port of the Lunghai railway, has been completed and will be shortly handed over by the Netherland Harbor Works Company of Amsterdam to the Lunghai Railway Administration.

Member of International Narcotic Ring Attempts Suicide in Mexican Prison

Maurice Eghise, accused of complicity in the smuggling of narcotic drugs working with a ring having headquarters in Los Angeles, Havana and Shanghai, attempted to commit suicide by stabbing himself in jail in Mexico City, Feb. 12. Dossiers of the Mexico City police department revealed documents of the Foreign Office, the League of Nations and United Customs authorities linking Eghise with the drug-smuggling gang which attempted to send a shipment of heroin from China to Central America through Miss Maria Wen of Shanghai. Detectives in Mexico City said they believed that Anton Paul Wirthmueller (a German formerly resident in Shanghai), and Jose Buchwald, an Argentinian, were connected with the gang.

Meanwhile, the attorneys in Los Angeles for Maria Wen are petitioning for a modification of the sentence recently imposed on her after being found guilty of attempting to smuggle $50,000 worth of heroin into the United States. Miss Wen was ordered to be deported to China or alternatively to serve a sentence of twenty years in prison.

Opium Addicts to Receive Clemency Under Amended Regulations

Clemency for opium addicts is shown in the latest announcement of the Central Association of Opium-Suppression Commissions, which as amended provides that exemption from the death sentence may be granted if the addicts surrender voluntarily to the authorities; or if their offence is reported to the authorities by relatives.

Better Preservation Ordered for Export Eggs

Dissatisfied with the quality of egg yolk exported from China, the Ministry of Industry Feb. 15 ordered all Chinese egg firms to improve their method for preserving egg yolk in order better to compete with the products of other countries in the world market. With the exception of frozen yolk, liquid yolk exported from China is usually preserved in salt, boric acid, sodium benzoate or glycerine.

Who's Who in China

黃安禮女士
Miss Anna An-li Huang
(Huang An-li)

Miss Anna An-li Huang, diplomatic official; native of Fukien; born in 1911; graduate of Yenching University, Peiping; joined the Ministry of Foreign Affairs, Sept. 1934; appointed Attache to the Chinese Embassy in London with the brevet rank of Third Secretary, Dec. 1936, which post she now holds; she is the first girl in the Chinese diplomatic service to have attained the rank of Secretary; well versed in English and Chinese, she also speaks German and French fluently; she is the younger sister of the well-known Chinese poet and calligrapher, Huang Chun, senior secretary of the Executive Yuan; address: Chinese Embassy, London, England.

黃安禮女士，福建人，現年二十六歲，畢業於北平燕京大學，一九三四年九月入外交部供職，一九三六年十二月升任駐英中國大使館隨員領三等祕書銜，已於上月出國赴任，女士爲中國女外交家之第一人，中英文俱有深造，並擅德法語言。通信處：英國倫敦，中國大使館。

Chinese Editor Deported from Japan; Journal Shut Down by Authorities

Lu Kwei-wen, a member of the editorial staff of the Chinese paper, *Lu Tung Sin Wen* (previously published in Japan, but shut down by the authorities) arrived in Shanghai last week after having been ordered deported to China following a 10-day detention by Japanese police authorities. He said in interviews after his arrival that he was restored to freedom through protracted mediation by the Chinese Ambassador and superintendent of Chinese students studying in Japan. The *Lu Tung Sin Wen* was closed by the Japanese authorities because that journal, Mr. Lu said, advocated Chinese opinions on Sino-Japanese problems, which the Japanese Government did not like.

The closing of the Chinese journal, according to Mr. Lu, has deepened the patriotic feelings of Chinese student groups in Japan, who are now planning to establish another Chinese newspaper to take the place of the one just closed down.

International Good-Will Addresses Broadcasted in China Under Methodist Auspices

A radio broadcast from three stations in China in the interest of world brotherhood and international goodwill took place Feb. 15. It was part of a project promoted in the United States by the Methodist Episcopal Church, which in that country promoted a nationwide broadcast on Feb. 17, at which E. Stanley Jones was the chief speaker. In the Shanghai broadcast, addresses were delivered by Dr. Ida Belle Lewis Main, editor of the *Christian Advocate* and the *Educational Journal*, and by Dr. W. Y. Chen, General Secretary of the National Christian Council. Bishop W. E. Hammaker broadcasted over the National Station in Nanking and other speakers were heard from Peiping the same evening.

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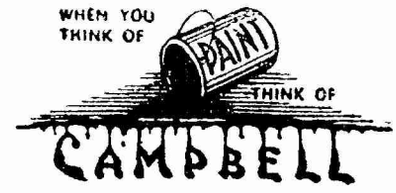

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Men and Events

The third All-China Meteorological Conference will be held in Nanking on April 4 under the auspices of the National Research Institute of Meteorology of the Academia Sinica.

N. F. Allman, member of the America Bar in Shanghai and President of the American Club, has returned to Shanghai after a two weeks' business trip to South China.

The results of the examination for the selection of District Magistrates in Szechuan province were announced in Chungking, Feb. 12. Out of 429 candidates, only nine were successful.

The Canton City Government is planning to shortly open a tourist information bureau. A photo contest featuring the scenic spots of Kwangtung is to be held as a means to attract visitors.

Henri Bernard, S.J., addressed the North China Branch of the Royal Asiatic Society in Shanghai Feb. 8 on "Christian Humanism during the late Ming Dynasty and the Leaders of the New China Movement."

Since January 8 this year, the day the last issue of the State Lottery tickets were drawn, income tax is being levied upon the winning ticket holders. The rates of the tax levied are in accordance with the amounts of the prizes drawn.

Captain Thomas M. Shock, Naval Attache to the American Embassy, interviewed Rear-Admiral Li Shih-chia, Commander of the Mamoi Fort, at Foochow, end of this week and later proceeded to Canton to continue his inspection trip.

Dr. Frank C. Tui, Associate Professor of Surgery at New York University College of Medicine, was elected President of the International Anesthesia Research Society at the annual meeting of the organization held at Philadelphia recently.

J. R. Jones, barrister-at-law, delivered an address on "Modern Trends in British Liberal Thought" at the Foreign Y. M. C. A. in Shanghai Feb. 16. The speaker was introduced by H. J. Timperley, correspondent of she *Manchester Guardian.*

The American University Club will hold a tea dance at the International Club, 722 Bubbling Well Road, Shanghai, Feb. 22 from 5 to 7.30 p.m. on the occasion of Washington's Birthday. The profits are to be allocated to the J. B. Lee Scholarship Fund.

The January issue the *Proceedings* of the Academy of Political Science (Columbia University, N. Y.) is devoted to a discussion of Transportation Development in the United States, being a series of addresses and papers presented at the annual meeting held Nov. 12, 1936.

In conformity with a resolution adopted by the National Judicial Conference in 1935, the Ministry of Judicial Administration has instructed the various Provincial High Courts to engage the services of technical experts to attend to the construction and repair of prisons.

R. N. McCleod, a former member of the British bar in Shanghai, was readmitted to practice in the British Supreme Court Feb. 15. Mr. McCleod, who was born in Shanghai, practiced here from 1902 to 1928, when he proceeded to England. He returned to Shanghai early this month.

A. L. Thomson, whose death in Rochester, Minnesota, was announced recently, was until a few months ago the Oriental representative of the Maersk Steamship Line at Yokohama. He was an old resident in Japan, having lived in Yokohama and Kobe for nearly 20 years.

Teh Chang Koo, son of Dr. Wellington Koo, Chinese Ambassador to France, is now studying mechanical engineering at Cornell University. He went to the United States last summer and began his under-graduate work at Ithaca. His father wants him to specialize in aviation.

The world's fastest freighter, the Kawasaki Kisen Kaisha's s.s. *Kamikawa Maru*, now under construction, will be placed on the Shanghai-New York route, the *Shanghai Nippo* reported Feb. 6. This 9,200-ton ship, capable of a speed of 21 knots, will make her maiden voyage in March.

Randall Gould, editor of the *Shanghai Evening Post*, discussed the present-day position and policies of China's "Reds" before the Soochow Missionary Association Feb. 4 at the monthly session, which is one of a series on the theme "Present-Day Trends In China."

Another new vernacular daily, to be known as the *Chung Pao* is to make its debut in Nanking end of this week. Donning the popular tabloid format, the new daily will further augment the number of papers in the capital, there being now altogether 21 morning and evenings papers

Paul Dietz, of the B. F. Goodrich Rubber Company, was chosen President of the American Junior Chamber of Commerce at its first tiffin meeting of 1937 in the American Club Feb. 10. Other officers elected for the present year were: M. E. McIntosh, Vice-President; H. B. Howard, Secretary, and G. H. Green, Treasurer.

According to a Chinese press dispatch from Tientsin, the authorities of the Peiping-Liaoning Railway administration have received a telegram demanding $1,000,000 for the release of Sun Chun-hsuan, assistant chief accountant of the mechanical department of the Railway, who was kidnappen last week.

The U.S.S. *Henderson* due here Feb. 28 will bring checks from the Navy Bureau of Navigation (which were held up for more than three months by the shipping strike) for some 45 pensioners of the U.S. Fleet Naval Reserve here. The transport is also bringing about 600 marines and sailors for duty on the China Station.

Paul Scheffer, former editor-in-chief of the *Berliner Tageblatt*, was due to leave Germany this week on a tour of the Far East for the purpose of contributing a series of articles to the five leading German newspapers, including the *Berliner Tageblatt.* Herr Scheffer will first visit the Netherlands East Indies, the Philippines, China and Japan before proceeding to the United States.

With regard to the recent murder of George Newsome, General Manager of the Hsuchang Tobacco Company in Chengchow, it has been established that he was shot to death by a gang of robbers at the Loan Department in his office, according to Chih Chi, an expert of the Ministry of Foreign Affairs, who completed his investigation of the case last week.

Construction work has been started on the 13-story structure for the Young Brothers Banking Corporation on the site of the old Kalee Hotel on Kiangse Road in Shanghai. Messrs. Kwan, Chu and Yang are the architects for the bank building, which will stand at the corner of Kiangse and Kiukiang Roads. The new bank building will be build along lines of modern Chinese style.

The soloist at the symphony concert of the Shanghai Municipal Orchestra at the Lyceum Theatre Sunday, Feb. 14, was Miss Mabel Rhead, member of the faculty of the Department of Music of the University of Michigan since 1904, who during her leave of absence from that institution, is making a concert tour in China. Previously she gave successful rceitals in Peiping and Tientsin.

The schoolboys at Kuanyun, Kiangsu province, have taken an oath not to marry girls with bound feet. In token of their determination they have put on arm bands, bearing the words: "I have sworn not to marry any girl with bound feet." To hasten the eradication of foot-binding the authorities at Kuanyun have dispatched officers to make a house-to-house campaign against the practice of foot-binding.

John A. Bata, one of the principal shoe manufacturers of the world, with headquarters in Czechoslovakia, is at present making a round-the-world tour piloting his own airplane. He is due in Shanghai Feb. 20. After a short stop-over here he will proceed to Japan. It is stated that the Bata concern contemplates the building of a factory in the Far East. In addition to the main plant at Zlin, (Czechoslovakia) it maintain plants in Germany, England, Jugoslavia, Switzerland and India.

Chen Shu-jen, chairman of the Overseas Affairs Commission, has recently prepared more than 40 paintings of his own production, which will be shipped to Europe for exhibition in the near future. Mr. Chen and his wife gave a reception Feb. 10 in honor of Sir Hughe Knatchbull Hugessen, British Ambassador to China, and Lady Knatchbull Hugessen and their two daughters, at the former's private residence, during which the family of the British diplomat had a private view of Mr. Chen's paintings.

Declaring that he is immune from six kinds of disease germs (small pox, influenza, cholera, tuberculosis, dysentery, and bubonic plague,) Ssutu Chi, a Cantonese youth of 24, has applied to the Central Health Field Station in Nanking for a medical test to prove his claim. Mr. Ssutu's wishes, however, will most likely not be complied with, it being held that in the history of medical sciences instances are not lacking where a person may take several kinds of pathological bacteria without any physical harm.

Dr. Mabel Peng-hua Lee, the only Chinese girl to receive a Ph. D. degree in Economics at Columbia University, N. Y., has donated the sum of U. S. $200 to found a prize fund in economics at the University in honor of the late Prof. Edwin R. A. Seligman. Miss Lee was a student of Dr. Seligman while attending the University several years ago. After teaching in Canton for several years Miss Lee returned to the United States and since has served as a religious and social worker connected with the Baptist Church.

Chinese students in New York recently protested to a leading American news service which referred to a Korean houseboy in New York as a "Chinese." The Korean, named Chang Soo Lee was accused of poisoning a New York woman by whom he was employed as a servant. The newspapers in reporting the case referred to Chang as a Chinese. The Chinese students complained that when a Korean does something notable such as the winning of an Olympic marathon, he is usually referred to as a "Japanese," but when a Korean is accused of a crime he usually is referred to in the newspapers as a Chinese.

Douglas Jenkins, of the U. S. Embassy, and Mrs. Jenkins, are soon to leave for the United States on leave.

Carl M. Hensley, California-born missionary, who has been in China since 1919 has taken out naturalization papers to be a Chinese citizen and surrendered his American passport to the Embassy in Nanking. The proclamation of Mr. Hensley as a Chinese citizen will make him the second American to take this step in Nanking. The first was Mrs. Paul D. Twinem, also a resident of long standing in China, who changed her nationality last month.

Major A. R. Wells, formerly an officer in the British tank corps, has been appointed an adviser in tank warfare by the military department of the National Government.

Robert J. Grant, director of the Central Mint, was host at a cocktail party at his home in Shanghai Feb. 18 in honor of Mr. and Mrs. Spencer Penrose of Colorado Springs and Honolulu—who arrived here a few days ago, and intend visiting in Shanghai for a few weeks before returning to spend the remainder of the winter in Honolulu.

Dr. William M. Mann, director of the National Zoological Park, at Washington, accompanied by his wife and Maynard Owen Williams, staff correspondent of the *National Geographic Magazine*, passed through Shanghai this week on his way to Sumatra to obtain fresh specimens from the jungle lands for the Zoo.

The death occurred in Shanghai following a heart attack Feb. 8 at the age of 56 of Dr. Y. S. Tsao, former President of National Tsing-Hua University. He is survived by his wife, Mrs. Elin Tsao, an American woman of Swedish parentage. He was a graduate of Harvard and had a long career as an educationalist and government official.

China-Italian Film Understanding Is Based on Reciprocal Treatment

A *Central News* message from Nanking Feb. 12 mentioned that outside speculation that China shows favoritism towards certain "isms" as a result of the conclusion of a verbal understanding with Italy with regard to the suppression of imported films which may shed unfavorable light on either country is entirely unjustifiable. It was added that such an understanding is strictly based upon the contents of the motion pictures and that whatever action taken will in no way be influenced by the political beliefs of different countries.

It was recalled that a meeting of the revelant organs was held in Nanking last October to discuss the repeated requests of diplomatic representatives of different countries in China to ban public showings of certain films which they deemed objectionable. It was decided that China be ready to censor such films provided any friendly nation which sends in a request is ready to accede to China's request to ban the showing of films on foreign soil which is considered insulting to the Chinese people. It arriving at such a decision, the Chinese authorities made it clear that the arrangement is based solely on a reciprocal and equal basis and that it is not confined to one or more countries alone.

It may be mentioned in this connection that about a month ago the showing of a Soviet film dealing with Italian operations during the recent war in Abyssinia was withdrawn at the Isis Theater (situated beyind the Shanghai Foreign Settlement limits) at the request of the Bureau of Public Safety, following protests from the Italian Consulate General. The film had previously been passed by the Chinese Censorship Board.

Dr. Pkodanda Rao, Indian Philosopher, Explains Political Situation in India

Dr. Pkodanda Rao, well-known Indian philosopher and editor of the *Servant of India*, arrived in Shanghai from the United States Feb. 10. Dr. Rao called on various educational leaders and was received by Dr. T. T. Li, Director of the Intelligence and Publicity Department of the Ministry of Foreign Affairs, shortly after his arrival.

Dr. Rao was scheduled to address the Pan-Pacific Association in Shanghai Feb. 19 on "The Situation in India." In a speech given before the China Institute of International Relations at the Bankers' Club in Shanghai Feb. 15 Dr. Rao reviewed the evolution of the political system in India. "The central fact about the governance of India," he said, "is that India is governed by England."

Commenting on the New Indian Constitution, Dr. Rao asserted that among the many unsatisfactory features of the new organic law is its so-called federal part. Indian States and British India are sought to be brought, for the first time, into organic relation in a federal legislature. But the Indian federation is very much unlike the federations know to constitutional history. While British India is to be represented by members elected by the people in British India, the representatives of the Indian States are to be nominated by the Indian Princes and not elected by the people of the Indian States. The Princes have a larger representation, in proportion, than British India. And the Princes are autocratic and conservative rulers. The new federation is, therefore, over-weighted by conservative Princes while progressive British India is handicapped.

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New Books of Interest in the Far East

When Communists Quarrel!

Behind the Moscow Trial, by Max Schachtman. New York: Pioneer Publishers, 1936. Price U.S.$0.25.

It is impossible here to go into a lengthy analysis of the facts presented in Schachtman's book. Basing his argument mainly upon the official report of the testimony itself, the author tears the trial apart and proves that the trials are but crudely concocted screens for political mass-murder. The reasons for the necessity of the bureaucracy in Moscow to stage the farcical trials are also clearly given, so clearly that there is no escaping the conclusion.

Schachtman is not content to proceed from one view-point. As part of his analysis he proceeds from the premise that the accusations of Moscow against the "counter-revolutionaries" are true. Even from this premise, he blows the O.G.P.U. plots into a thousand pieces, causing the Soviet officials to make themselves murderers by their own admissions!

Just a brief example of Schachtman's analysis of the "confessions" of the "counter-revolutionaries," taken from the official Moscow report of the trial. From but a portion of these "confessions," Schachtman finds the following discrepancies:

"So the Center met in the Summer of 1934 to decide the death of Kirov and it didn't meet. The Center commissioned Bakayev to go to Leningrad and it didn't commission him. Zinoviev sent him in the name of the Center and he didn't send him, Kamenev and Yevdokimov sent him in their own name. Mrachkovsky, Reingold and Sokolnikov were present at the Center's meeting when the decision was made and they were not present. From the Summer to the Fall, Bakayev was working successfully on the Kirov killing, but at the same time he was working unsuccessfully in Moscow on the Stalin killing. . . . ."

Just a few more examples, although they could be endless. The indictment states that the accused were in contact with the Gestapo (German secret police) in 1932, in other words, at a time when the Gestapo simply did not exist! Holtzman, one of the accused, declares in his confession that he met Sedov, Leon Trotsky's son, at the end of November, 1932, in the Bristol Hotel in Copenhagen. The facts? Sedov was never in Copenhagen in his life, but was in Paris, as the stamps on Sedov's passport prove! Again, there was no Bristol Hotel in Copenhagen in 1932, the Bristol Hotel having been torn down in 1917!

Obviously, as Schachtman points out, the trials are for the purpose of eliminating all opposition to Stalin, and to attempt to discredit Leon Trotsky, the "fascist" who is bitterly hated by fascists. There are other reasons for the trials—the reader of the pamphlet will find them in bold and sharp relief.

Thousands of arrests and purges have taken place since the "trial" of Radek and others last month. And the world will rightly regard further death sentences as cold murders, despite all the "confessions" and other crude fabrications that Moscow can concoct in Stalin's spurious "classless socialist" society.

T. T. L.

German Commercial Review Prints Article on Supply of Capital in China

Weltwirtschaftliches Archiv.—July, September, November 1936.

In these three issues of the "Weltwirtschaftliches Archiv" three subjects appear to be of particular interest. These are China; state-control of production and marketing of foodstuffs; and currency-problems.

On China there is in the July issue a very suggestive article by Professor Charles F. Remer on "the supply of capital in China." It is well known that the capital stocks in old China were very limited and that the amount of hoarded silver also proved comparatively small. Chinese economy had produced no surplus when the impact of the West began to make itself felt about a hundred years ago. Therefore, when the development of modern industries required additional capital, this could be procured only from abroad. It came into China either in the form of direct investments or in that of loans to the Chinese government. Private merchants and bankers did not find it possible to attract foreign capital under conditions acceptable to them. Hitherto the chief importer of foreign capital has been the Chinese Government. It had to ask for foreign loans to meet its foreign obligations, but learned to make use of such also for purposes of economic development of the country. The need for foreign capital remains an urgent one today.—Professor Remer draws attention to the great increase of the Chinese population between 1700 and 1850 and its comparative stability since that time. Here we find a great and perhaps decisive difference with Japan, where the population had remained stationary during the period of Chinese increase. In Japan the increase of the population followed, but did not precede, contact with western civilization.

In the November, issue there is an interesting article by Professor Erwin Graue (University of Idaho) on the effects of the American Government's silver purchase program on trade between the U.S.A. and China." It is expected that the monetary rapprochement between China and the U.S.A. owing to the Agreement of May 1936 on the exchange of silver against gold will react favorably on the trade between the two countries.

State-control of agriculture and especially of wheat-production and marketing in France (July-issue), the Netherlands (September-issue), Italy and Czechoslovakia (November-issue) is studied in a series of reports. Italian policy in this direction has been particularly successful. Italy—one of the great wheat consuming countries of the world—is to-day almost independent of wheat-imports from abroad.

A very competent article (September-issue) by Professor D. T. Jack (Newcastle-upon-Tyne) deals with the problem of currency-stabilisation. The fluctuation in the value of currencies during the recent past have been due to two opposite causes: in the year directly following the war, it was due to inflation, which prevented the balancing of budgets. While in latter years it was mainly the result of deflation and falling prices. In many cases a remedy was sought less in an attempt to balance the budget, than in reflation. In the U.S.A. for instance, the budget was intentionally not balanced in order to bring about a rise in prices.

The problem of currency stabilisation is intimately connected with one of the principal economic and political issues of our times, *i.e.*, whether recovery of international trade or national economic self-sufficiency should be the ultimate aim. Professor Jack opines that on economic grounds the former is the more desirable. But this recovery presupposes exchange stability, instead of the monetary independence prevailing at present. Now, monetary stability seems to be linked with the gold-standard. The great economist, Mr. Keynes, has attacked the gold-standard because it causes internal economy to be dominated by external forces. Professor Jack thinks that the advantages and disadvantages of the gold-standard depend upon the conditions under which it is allowed to function. Monetary independence must always burden national economy with problems of increasing complexity.

The "Weltwirtschaftliches Archiv" maintains throughout its high international standard and all articles, reports and book-reviews are well worth studying by those interested in economic problems.

T.

Chinese Year Book Publishing Co. Prints Separate Volumes of P. T. Chen's Essays

The Chinese Year Book Publishing Co. of Shanghai has printed separate bound volumes of two sections of the *Chinese Year Book* (1936-7), prepared by P. T. Chen. One is entitled "The North China Smuggling Situation;" the other "Recent Financial Developments in China."

The first-mentioned volume is in the nature of a documentary review. The development of the smuggling incidents illustrating Japanese intereference with the preventive machinery, and figures on the extent of the smuggling are extracted from Customs Reports.

Extracts from foreign and Chinese newspapers and reprints of *Central News* (and other) telegrams are cited in profusion. These give a vivid picture of how the smuggling in North China has affected other markets. A valuable feature of the volume is a reprint of treaties having a bearing on the smuggling situation, *e.g.*, the Sino-Japanese Commercial Treaty of 1898, the Nine-Power Treaty of 1922 and the Sino-Japanese Tariff Agreement of 1930. The general nature of the contents may be gathered by mentioning some of the chapter heads: Japanese Military Deny Interference with Customs; Foreign Office Spokesman Claims Japanese Goods Not "Smuggled"; Finance Ministry Spokesman Defends China's Tariff Rates; Foreign Correspondent Discusses Amazing Customs Scandal, etc.

The volume entitled "Recent Financial Developments in China," covers more than two hundred pages and contains a mass of information and figures which only those who are as painstaking in their reading as the author has been in compiling them can really appreciate. The editors of the *Year Book* state in a preface: "Mr. Chen is in a position to write masterfully on his subject. In the present essay, as in his previous essay, he has judiciously collected and systematically presented a wealth of facts and data concerning government finance. The study represents a most important phase of China's modern reconstruction, and is a distinct feature." Thoese who peruse this volume will fully agree with this encomium. It contains Finance Ministry reports, tables showing receipts and expenditures, details of the National budget, a complete review of the Chinese Customs Administration, the Salt Revenue Administration and the Internal Revenue Administration. Details are also given of China's public indebtedness together with a history of the negotiations for settling various outstanding loans.

"China Motor and Transport"—New Bi-lingual Publication

A new bi-lingual monthly publication, *China Motor* and *Transport*, made its bow to the public on Feb. 14. The magazine, which is dedicated to the automotive, highway and aviation interests of China is published by China Associated Enterprises, 620 Szechuen Road. In view of the ever-increasing interest of the Chinese and foreign public in motor communication and aviation and in view

of the Government's interest in all forms of transportation, this new publication fills a long-felt need for information and instructive reading matter on this subject. The journal contains articles both in Chinese and English, contributed by technical experts, but written in such a style as to appeal to the professional and layman alike. The new publication is attractive in format and profusely illustrated.

"Foreign Policy Writer" Discusses Issues in Spanish Conflict

The Jan. 11 issue of *Foreign Policy Reports* (8 W. 40th St., N.Y.) is devoted to "Spain: Issues Behind the Conflict," by Charles A. Thomson. The writer says that the reforms initiated by the republicans threatened the privileges long enjoyed by army officers, the large landholders and industrialists, and the clergy. At the same time, change came too slowly to satisfy the workers in city and country. Tension between Right and Left had thus been heightened to the point where recourse to violence appeared to each faction as the easisest road to the fulfilment of its objectives.

China Hong List for 1937 Makes Appearance

The *China Hong List* for 1937, published by the North China Daily News and Herald, Ltd., Shanghai, comprises a volume of 930 pages, bound in the usual red cover. The *Hong List* has long since established itself as one of the best books of its kind to be found anywhere. As its sub-title states, it is a business and residential directory of all foreigners and the leading Chinese in the principal ports and cities of China. The main portion of the volume, is, naturally, devoted to Shanghai. In the *Shanghai Hong List* all firms, institutions, missions, and consulates are arranged alphabetically, together with their staffs. General headings used in this section include: the American Forces, British Forces, Chambers of Commerce, Chinese Government Offices, Churches, Clubs and Associations, Colleges and Schools, Consulates, Diplomatic, French Forces, Hospitals, Missions and Municipal. In the Agencies section agencies held by Shanghai firms are listed alphabetically with the firm's name. In the Trade Directory there is an alphabetical list of Shanghai firms under their professional or trade headings. A list of apartment houses is a valuable feature of said section. In the Shanghai Who's Who business men and women are listed alphabetically with their office addresses. In the Street Directory the streets of Shanghai are listed in English and Chinese with the occupants of all foreign and many Chinese houses, offices and stores. In the Residential Directory the foreign residents are listed alphabetically with their private addresses. Shipping, railway, and diplomatic information is contained in sections devoted to those subjects. There are also hong lists for all the other principal cities and ports from Harbin to Canton. Foreign residents in China outside of Shanghai are listed in an Outports Who's Who. Protestant and Roman Catholic Missions are listed separately. There is also a Missionaries Who's Who. The price of the *Hong List* is $10; with map, $11.

Seven Russians and a German Charged With Gambling—Ordered Sent to Nantao for Trial

Seven Russians and a German, who were found gambling in a Yu Yuen Road house in the night of Feb. 10 by Bubbling Well police, were charged in the First Special District Court in Shanghai, Feb. 15. The principal, Vicker Ackerman, was charged with conducting public gambling at the International Cafe, 1409 Yu Yuen Road, while the rest were charged with assembling for the purpose of participating in public gambling. At the conclusion of the hearing, the Judge ruled that there had been a mistake in regard to the question of jurisdiction and ordered the eight accused to be transferred to the Shanghai District Court in Nantao for trial.

Souls of 1,000 Japanese, Killed in Manchuria, to Be Enshrined in Tokyo

The Tokyo Army authorities have begun to draw up a list of officers and men, who, during the last year lost their lives while serving in Manchukuo and North China. The roster will be presented to the Emperor for approval before it is added to the list of those whose memory is the object of worship at the Yasukuni Shrine, Kudan, in Tokyo. Here the souls of all those who fell while in service are enshrined. Tokyo Army officials indicated that the list would probably reach 1,000 this year. The adding of new names to the Shrine's roster will be marked with elaborate ceremonies, to which relatives of the dead men will be invited. This is scheduled to take place in April, before the annual three-day festival of the Shrine, starting on April 30.

NOTICE

Supplement to "Edward the Abdicator" and "War in 1937," planned for Feb. 15, is deferred pending developments in Europe.

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Movements and Appointments in Diplomatic and Official Circles

Liu Chi-wen, former Mayor of Canton, Feb. 12 formally assumed his new post as Political Vice-Minister of Audits.

Cheng Tien-ku, new Vice-Minister of Industry, assumed office Feb. 8. Mr. Chen was one time mayor of Canton.

Gen. Han Fu-chu, chairman of the Shantung Provincial government, is recovering from an injury sustained in a recent riding accident.

The Executive Yuan Feb. 9 relieved Yang Chun of his post as Customs Superintendent in Hangchow and appointed Ho Jih-min as his successor.

Gen. Sung Hsi-lien and Gen. Ma Chih-chao have been appointed commander and deputy-commander, respectively of the Sian Garrison Headquarters.

Gen. Hsiao Chen-ying, former Mayor of Tientsin, who has been living in Shanghai since his retirement, is scheduled to leave for Europe on Feb. 26 aboard the *Gneisenau*.

It was announced in several Chinese newspapers this week that Dr. C. T. Wang, newly-appointed Chinese Ambassador to America, will proceed to America early next month to assume his new post.

Lieut.-General Teng Pao-san, Commander of the newly organized 1st Army stationed in Kansu, came to Shanghai Feb. 9 to report to General Chiang Kai-shek, on conditions in the Northwest.

Hsu Shih-ying, Chinese Ambassador to Japan, is leaving Tokyo on Feb. 18 on his return to China and is expected to arrive here on Feb. 20, according to information from local diplomatic circles.

Signor Vincenzo Lojacono, first Italian Ambassador to China, bid the Chinese capital good-bye Feb. 9. He sailed for Rome on Feb. 15, enroute to Rio de Janeiro, to which city he was recently transferred.

A tea party in honor of the British Ambassador and Lady and Miss Knatchbull-Hugessen, as well as the senior officials of the British Embassy, was given by Chen Shu-jen, Chairman of the Central Overseas Affairs Commission, and Mrs. Chen at their residence in Nanking Feb. 10.

Generalissimo Inaugurates Special Institute for Training of College Graduates

Gen. Chiang Kai-shek is stated to be concerned about the professional outlet of Chinese college graduates. He has therefore inaugurated a special Institute for the training of university students who are unable to find employment after they leave school. The first class, numbering more than 400 students, was recently graduated and sent to different government bureaus to receive practical training for a period of three months. The Institute emphasizes such subjects as political organization, preparation of official documents and accounting.

Peiping Students Present Sword to Gen. Chiang Kai-shek

Wearing smart blue uniforms more than 30 Peiping student delegates proceeded to Nanking Feb. 14 to present a gift sword to Gen. Chiang Kai-shek. The gifts are to serve as a token of admiration for the Generalissimo's untiring efforts in effecting national unification and in the task of national rejuvenation.

Twenty-five students from organizations in North China arrived in the capital Feb. 13 from Peiping. They brought with them three embroidered flags which they presented to the Kuomintang Central Executive Committee, Generalissimo Chiang Kai-shek, and Gen. Feng Yu-hsiang, Deputy Chairman of the Military Affairs Commission.

$200,000 Scholarship Fund Created in Honor of Lin Sen's Birthday

A $200,000 scholarship fund was created in honor of the 70th birthday anniversary of Lin Sen, Chairman of the National Government, which fell on Feb. 11. A decision to said effect was reached at the session of the Central Political Council on Feb. 10 presided over by Wang Ching-wei, Chairman of the Council. The fund is being donated by the Central Executive Committee and Central Supervisory Committee of the Kuomintang as an expression of appreciation of the praiseworthy services rendered by Mr. Lin to the Party and nation. The ways of employing the fund will be worked out later.

More Rice Arrives in Canton—Food Situation in Province Improves

A shipment of 27,000 piculs of rice arrived in Canton Feb. 8 by steamer from Wuhu, Anhwei, to relieve the rice shortage in the province. The food situation in Kwangtung province has in the meantime markedly improved.

The Executive Yuan has decided to grant a 50 per cent discount on freight charges for all rice shipments to Kwangtung on the Canton-Hankow Railway. The Yuan also decided to permit the Kwangtung people to import foreign rice at half of the regular tariff rates.

Central Bank of China to Be Reorganized Into Central Reserve Institution

Approval of the plans for the reorganization of the Central Bank of China into a central reserve institution by the Central Political Council of the Kuomintang was reported by the *Shanghai Nippo* Feb. 11. The bill for the creation of the Central Reserve Bank of China drafted by the Finance Ministry in November, 1935, was understood by the journal to have included the following provisions:

1. The new reserve bank would assume a monopoly on the issue of banknotes, depriving the Bank of China, the Bank of Communications, the Farmers' Bank of China and all provincial banks of their note-issuing privileges.

2. The new bank would be capitalized at $50,000,000, two-fifths of which will be subscribed by the Finance Ministry, a similar amount by other semi-government banks and the remaining one-fifth by private investors.

3. The bank would guarantee an 8 per cent interest on funds invested in its shares. The returns would not, however, exceed 10 per cent, the Japanese daily declared.

A *Central News* message from Nanking Feb. 17 stated that the reorganization of the Central Bank into a Central Reserve Bank is expected to materialize on July 1 this year, according to information emanating from local banking circles on that date.

Editorially discussing the proposed resoganization of the Central Bank of China into a reserve institution, the *Shanghai Nippo* Feb. 16 predicted that such a course would automatically reveal the faults inherent in the present Chinese currency and banking system.

The *Shanghai Mainichi* Feb. 16 published a current rumor that a joint block of ten Chinese banks—namely, Central Bank of China, Bank of China, Bank of Communications, Chung Nan Bank, Ta Lu Bank, Kinsheng Bank, Yien Yieh Bank (Bank of the Salt Industry), Chekiang Industrial Bank, Bank of Shanghai, and Commerical Savings Bank, is to be formed.

Nanking Extending Control to Three More Banks

The *Central China Daily News* Feb. 16 stated that arrangements are being completed for the reorganization of the Shih Min, Tung Shang and Chung Kuo Yeh banks. The shareholders of the first two have already passed resolutions authorizing the investment of government capital in the institutions which they represent.

The Ministry of Finance, with the consent of the three banks concerned, has appointed Fu Ju-lin, Chairman of the Yangtsze River Commission, as supervisor of the National Industrial Bank of China, Commercial Bank of China and the Ningpo Commercial and Savings Bank, according to the *China Times*.

$500,000 Credit Loan Extended to Kwangtung Cocoon Raisers

Another $500,000 credit loan was extended last week by the Kwangtung reconstruction department to cocoon raisers and filatures through the Sericulture Cooperative Society. The first loan for the same amount was taken up by the hard-pressed sericulture industry.

Capital Punishment to Be Meted Out to Counterfeiters in North China

Owing to the wide circulation of forged banknotes in Tientsin, an order to mete out capital punishment on counterfeiters has been issued by the Pacification Headquarters for Hopei and Charhar, of which General Sung Che-yuan, Chairman of the Hopei-Charhar Political Affairs Committee, is concurrently Commissioner.

Alleged Agreement Covering Service of Hukuang Railway Loan

A spokesman of the Ministry of Finance Feb. 10 stated that the so-called terms of the settlement of the Hukuang Railway Loan (published in *Finance and Commerce*, Feb. 10) were premature and also inaccurate. According to the *Finance* and *Commerce* account, the adjustment which had been arrived at was the outcome of considerable conversation between the Chinese Government and the Representatives of Bondholders of the Loan of British, American, French and German Issues over a period of two-and-a-half years. The total amount of the Loan outstanding is £5,656,000.

During the years 1936-1938 interest is to be paid on bonds at the rate of 2½ per cent per annum; thereafter 5 per cent will be paid. Interest payments will be secured on the Salt Revenue and those beginning from Jan. 1, 1939 will be additionally secured on the Customs receipts; repayments of principal will commence from 1941, the amounts payable each year to be dependent upon the total revenue of the Railway, so that the whole Loan may be liquidated in about 40 years from 1936.

How the Non-Aggression Issue Strains Japan-Soviet Relations

BY YEN-YING LU

In a press interview, as reported in September, 1936, by the *Japan Advertiser*, Mr. Shigemitsu, the newly appointed Japanese Ambassador to Russia, stated substantially that Japan's Russian policy is based on the spirit of non-aggression and non-menace, as as had been enunciated by Arita in one of his Diet speeches. Yet referring to the question of negotiating with Russia a non-aggression pact, the ambassador said that he was of course in favor of the idea of non-aggression, but that he believed the time was still premature for such an undertaking. This diplomatic statement, however seemingly self-contradictory, presents in a flash of the spotlight, the true colors of Japanese policy toward Soviet Russia. It accounts for much of the strain that has warped Japan-Soviet diplomacy for the last five years.

The question as to whether Japan and Russia should come together with the conclusion of a non-aggression pact has occasionally cropped up in connection with diplomatic interviews and negotiations between the two countries. But practically nothing has come of it, except that it has caused much bad blood between them. Ever since 1931, the issue has been left in an annoying suspense, with the Soviet Government from time to time avowing its desire for a non-aggression pact with Japan and the Japanese Government wavering between occasional gestures in favor of the Soviet proposal and an attitude of cool indifference or cautious hesitation. Thus this non-aggression issue has taken on the seriousness of a long standing dispute and more than any other issue has embittered Japan-Soviet relations. It has undoubtedly helped to influence the two countries to take courses which are inevitably leading to clashes of tremendous proportions. Upon 1937 there has already dawned a situation between the two countries in which the settlement of the non-aggression issue is as far off as ever, while the need of it for either country seems to be giving place to the logic of other commitments of serious consequences.

Whether Asia can remain in peace or shall undergo the throes of another war depends a great deal on the outcome of the trying tension for the present separating Japan and Russia. For it must be admitted that all things considered the two nations are the only major powers who have great stakes in Asia and are in a position to fight for them. From being rivals in military strength the two have also become keen opponents sticking up for two hostile world orders. Thus they have gradually thrust upon themselves the task of holding the fate of Asia between themselves. Should these two colossal powers try conclusions in war, it would not only spell ruin to the peace of Asia but inevitably cause an immediate breakdown of the precarious security system such as is building now in Europe. The consequences of such a conflict would be as disastrous as any world war that was ever fought out to the death. For through their European alliances the two powers have worked up a situation in which we might well imagine a war between themselves would carry with it large-scale clashes on at least three fronts.

But the one reassuring sign about Japan-Soviet relations is the fact that so far the tension has not broken out into open war as was feared in 1936. In spite of the threatenings and forebodings of their coming conflict, the frontier storms that have frequently created temporary turmoils in their relations got blown over as fast as they gathered. It is true that there still remain certain urgent issues which have stirred up ill feeling between the two countries and irritated them to drift to a decisive parting of the ways. But still they are as far apart as ever from a head-on clash. Aside from mutual accusations and insincere protestations, the two countries have not ceased to make efforts to search out ways of co-existence and mutual agreement. They entered the threshold of 1937 with further avowal of intention to seek the solution of their major issues through peaceful diplomatic means. All this may be reassuring of a fairly dependable calm in Japan-Soviet relations for sometime to come, although it should not blind us to the fact that the dreary horizon along the Soviet-Manchurian frontiers is still being darkened sometimes by the outbreak of border clashes. These should be alarming enough to cause deep concern for the coming and final painful reckoning between the two countries even without the startling prediction like that given recently by Karl Radek, who is supposed to have inside information, that a Japan-Soviet war will break out in 1937.

There is every indication to fear that for the last three years Japan and Russia have been heading for what may be called a stalemate. What with rapid expansion of military defence and what with subtle intriguing to win over political allies, the two have been moving closer and closer to each other for the tug of war All may be quiet on the surface. But not only their feverish efforts in military preparations against each other have been keeping their national sentiments heated to a war temper, but their differences in ideologies so irreconcilable and poles apart as between Fascism and Communism have been kindling their mutual suspicion and stirring up frequent international complications.

The negotiation of a non-aggression pact between Japan and Russia, if it is possible to do so, seems to be the essential thing that goes to the bottom of the tension between the two countries. The non-aggression idea was first enthusiastically taken up by Russia. She has already given it consistent and systematic trials in the interest of peace in Europe. It was the Soviet Government that first in 1931 made the offer to the Japanese Government for the conclusion of a non-aggression pact. The reason why Russia took this action is not far to seek. It is apparent that her proposal must have been intended to maintain peace on the Japan-Soviet Far Eastern front, which had been evidently threatened by Japan's military occupation of Manchuria.

But the Soviet proposal was declined by Japan in the first instance. Since then Russia, obviously driven by the Japanese refusal, has been pursuing two courses of action with energetic efforts and masterly calculation. On one hand, she has conciliated and made sure of her neighbors on her western frontier by working out a series of non-aggression pacts with them, and on the other hand with astonishing energy she has pushed on unprecedented defense preparations to strengthen her Siberian frontiers bordering on Manchuria and Outer Mongolia. The Soviet goodwill offer of non-aggression for a long time has remained unrequited. Even up to the present Japan looks upon the non-aggression pact with misgivings and distaste. It has received scanty consideration from the Japanese Government, though Japanese diplomats have from time to time given

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it lip-service in connection with Japan-Soviet negotiations for the settlement of such problems as the border incidents, the frontier commissions and the fishery treaty.

Why did Japan turn down the Russian proposal of non-aggression is a rather puzzling question to answer. To an outsider, the year 1931 seemed of all the years the most opportune time for such a commitment with Russia. Japanese military power was then just getting in the saddle in Manchuria, and Japanese armed forces there were showing tremendous increase. Japan might have been dictated by the counsel of perfection to conciliate the friendly gesture of Russia by taking up a non-aggression pledge. Japan could have done so even just to get a breathing-space for the consolidation of her position in Manchuria without running the risk of antagonizing another huge enemy to the west. As it was, Japan not only rode roughshod over Manchuria without the least regard to Russia, but started to make trouble with her by tampering with the affairs of the Chinese Eastern Railway and by pushing Japanese soldiers and agents further west into Siberia and Outer Mongolia. Indeed for a time it looked as if Russia would have beaten a retreat with the speedy transfer of the Chinese Eastern Railway into Japanese hands. But the probable explanation of Russia's indifferent attitude toward Japan in Manchuria is that Russia like the other European powers was faced with a situation that she was wholly unprepared to deal with effectively. This no doubt encouraged Japan's high-handed actions in Manchuria. But what is worse, as later developments have proved, there are not lacking countries which would make no scruple of coming to an understanding with Japan vis-a-vis Manchuria in exchange for commercial advantages or political alliance.

Indeed, Japan herself has been rather in a dilemma regarding the Soviet proposal of non-aggrssion. It has been shown in connection with her Diet sessions, especially when the question of the Budget is brought up, that some of the Japanese political leaders and a section of the Japanese press are in sympathy with the Soviet proposal. Even some circles in the Japanese Army would like to meet Russia halfway. The fact that the Soviet policy for the Far East is primarily defensive, just hedging against loss or attack, with no intention to take the offensive against Japan, has been demonstrated in ways others than the proposal of non-aggression. Some of the Japanese Government leaders seem to have been convinced of this. It was reported now and then in 1936 that both Mr. Hirota, the Premier, and Mr. Arita, the Foreign Minister, occasionally received suggestions from many quarters to give the Soviet non-aggression offer a chance to make good.

Mr. Ota, the Japanese Ambassador to Moscow, who was recalled toward the end of last year, is one of those who have a better opinion of Soviet Russia and would like to make it up to her by negotiating a sort of non-aggression pact with her. On his return to Tokyo, the Japanese ambassador told Mr. Arita, in the course of a conversation on August 10, 1936, that he had been assured by Mr. Voroshilov, member of Soviet Military Affairs Commission, and other Soviet leaders of Russia's peaceful intentions toward Japan. The ambassador further reported that Russia had not the least desire to throw down a challenge to Japan, but still cherished her proposal for the conclusion of a non-aggression pact made to Japan four years ago. Russia showed him her willingness to negotiate such a pact at once, should Japan find it acceptable to do so. In the proposals he made to Hirota for discussion, the ambassador also asked the premier to prepare the way for the Japanese Government to negotiate a non-aggression pact with the Soviet Government.

So those people in Japan in favor of the Soviet proposal urge that it seems the best expedient for Japan to honor it, seeing that Russia has not given up her intention to conclude a non-aggression pact with Japan. Such a step would not only clear up the misgivings on the part of Russia, but may remove the pretext for Russia to expand her military defenses in the Far East. For it is a handle which Russia has utilized with effect that Japan's spurning of her proposal of non-aggression has left her with no alternative but to speed up military preparations for her own defense. As the Japanese advocates argue, there is no reason why peaceful efforts toward an arrangement of mutual security should not be made at the same time as the strengthening, if need be, of Japanese armaments in Manchuria.

In giving a cold-shouldered reception to the Soviet proposal of non-aggression, the Japanese Government has taken the cue from the military party. After all it is the latter that has been playing the deciding rôle in regard to the non-aggression issue as in other diplomatic issues. Somehow or other, Japan would not let herself be coaxed into taking up the non-aggression pledge. It seems as if her false position in Manchuria had made her easily suspicious of the good of any peaceful commitment with nothing but fair promises. She feels that she must rely on herself and must be always on her guard against the possible hostility of other countries.

After the lapse of three years since 1931, by the time when Russia had got her military defences into fine shape in Siberia, Japan could give out more specious reasons for rejecting the non-aggression proposal. The huge concentrations of fully mechanized Soviet armies on various strategic points along the Manchurian and Mongolian frontiers, as the Japanese assert, present a direct threat and get Russia in the way of being the aggressor against Japan. As long as Japan's army establishments in Manchuria remain inferior to those of Russia, the non-aggression pact will be worse than useless for Japan as a measure of national security. The Japanese Government could seriously consider the Soviet proposal only when the military forces of the two countries should be placed on an equal footing. Furthermore, the Japanese Government has also exploited much of the Communist angle in order to give wide berth to the conclusion of a non-aggression pact with Russia. It has all along tried to make out the doings of the Commitern as something standing very horribly between Japan and Russia and preventing their genuine rapprochement.

As shown by the negotiations for the last four years, it appears that the Japanese Government has rather dallied with the non-aggression issue in order to trade on it for its own advantages. Mr. Ota, Japanese Ambassador to Moscow, repeatedly proposed to the Soviet Government that Russia withdraw her troops concentrated on the Soviet-Manchurian borders, and that not only frontier commissions be set up for the solution of border troubles but a demilitarized zone be established in accordance with the Portsmouth treaty. These are the conditions which the Japanese Government presented to Russia in return for the negotiation of a non-aggression pact. As time went on, the issue resolved itself into one point firmly contended for by Japan that the settlement of the above-mentioned matters must precede the fulfilment of the Soviet non-aggression offer. In other words, not until the Japanese proposals are complied with will the Japanese Government think of embracing the Soviet proposal.

But Russia would have things worked out just the other way round. She advanced the counter-proposal for Japan to enter into a non-aggression undertaking first before the solution of the other pending issues is attempted. A reasonable view of the matter leads one to say that the proposed Soviet order of negotiation is more convincing, because it seeks to get to the root of the difficulties. Since the armament rivalry and border clashes between the two countries are caused fundamentally by mutual suspicion and ill feeling, a non-aggression pact sealed in friendship and good faith should be the very thing to restore confidence and goodwill in their relations. This at least should serve as the basis for the removing of the chief cause of expanding their military defences. Even if this may not solve outright the other issues pending for a long time, the negotiation for their final settlement may be made much easier. It seems to Russia to be rather unreasonably captious for Japan to demand the withdrawal of Soviet troops from the Mongolian and Manchurian frontiers as a strict condition for the conclusion of the non-aggression pact, because Japan has also pushed through vast military preparations in Manchuria.

On the surface, it would appear that whether the conclusion of a non-aggression pact should precede or follow the solution of other questions was a mere matter of procedure. It should have been easy to straighten out this difficulty, if the governments of the two countries had gone about it in the right spirit. One can see no reason why either course of negotiation is not as good as the other, provided both parties are ready to accommodate differences in sincerity and mutual confidence.

But there are deeper reasons to account for Japan's reserve and indifference toward the Soviet non-aggression proposal. Her recent diplomatic relations with Russia and other countries give good grounds for the suspicion that she has a desire to capitalize this issue for the benefit of her domestic politics as well as foreign diplomacy. Firstly, there has been some evidence to indicate that she wants to use the non-aggression issue as a lever to drive diplomatic bargains with Russia. While leaving the issue dangling in the air, the Japanese diplomats have now and then spoken nice things about the non-aggression idea and held out hopes to Russia. Thus the Japanese Government may intend to induce Russia to propose the resumption for a non-aggression pact and to give in to Japan's terms. Likewise, the Japanese Government may be throwing out a damper upon the heated feelings of those politicians who have been out of sympathy with its Budget.

Secondly, since 1931, Japan has been embarrassed with an enormously increasing Budget, of which over 46 per cent goes to expenses for Army and Navy establishments. The Army budget for 1935 increased three times that of 1931, and since that year 800 millions have been spent on national defences. This steadily mounting military expenditure has elicited strong opposition from party leaders who cry havoc on what they consider as reckless spending. On the other hand, the Japanese Government has to justify this rapid increase of military expenditure as a necessary measure for the expansion of national defences. But the plea of national defence can be made convincing only if some danger of foreign aggression is, or is made out to be, stalking in sight. In this connection, the refusal to settle the non-aggression issue with Russia is something out of which the Japanese Government may make capital. So long as the tension looms between Japan and Russia, it can very well point to the military preparations of Russia as a grimly real justification for Japan's mounting military expenditure. Thus the Budget may be kept intact and the military leaders in high saddle.

Thirdly, the hanging fire of the non-aggression issue has also served Japan's interests in regard to her foreign policy. It is the most impressive way for Japan to play upon the fear, real or supposed, of Russian aggression in order that she may enlist support from other countries. The Japan-Soviet tension would place Russia in danger of attack from two fronts. It would keep her well tied down with defences against both Germany and Japan. So Japan cannot afford to conciliate Russia with a non-aggression pledge and set her easy and free to deal with Germany. Yet between Russia and Germany it would be to Japan's interest to keep a gulf wide and fixed. Otherwise the European balance of power would be upset and the chances would be eliminated for Japan to reap benefits out of the tension in Europe. Moreover, by crying havoc on the Communist bugbear, Japan can make out good excuses for her military or economic expansion in other directions as well. She can either penetrate her influences into North and Northwest China or advance her outposts into Inner and Outer Mongolia.

Shanghai Health Commissioner Discusses Problem of "Quack" Doctors

In an appendix to the annual report of the Health Department of the Shanghai Foreign Municipal Council issued last week, Dr. J. H. Jordan, Commissioner, refers to the fact that there is no law in the Chinese Criminal Code which prohibits the practice of medicine by "quack" physicians and the posing as qualified medical practitioners by charlatans. Dr. Jordan says that investigations regarding the practice of medicine were made during the year and information supplied by the Board resulted in the prosecution of several "quack" practitioners. The only criminal law under which they can be charged is Article 339 of the Code—Offences of Fraud—and in such cases it is necessary to prove that the "quack" practitioner has posed as a qualified doctor and accepted money for services rendered in his capacity as such. "The only way to combat such fraud," says Dr. Jordan, "is for the public to come forward and report all cases of quack practitioners as soon as such come to their knowledge."

Lunar New Year Widely Celebrated Throughout China

Heavy snow which fell over a large part of North China and the Yangtsze Valley greeted the arrival of the Lunar New Year Feb. 11 when a large majority of the Chinese people, unmindful of the Solar Calendar which was officially adopted in China ten years ago, celebrated what is regarded as the longest, happiest and noisiest of all festivals.